

# BANKING

An aerial photograph of the Rutgers University campus in New Brunswick, New Jersey. The image shows a dense collection of buildings, including academic halls, dormitories, and administrative buildings, interspersed with large green lawns and trees. A prominent road with a median runs diagonally across the lower left portion of the image. The overall scene is captured from a high angle, providing a comprehensive view of the university's layout.

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

JUNE 1952

**Eighteenth Resident Session, The Graduate School of Banking, starts June 16. A view from the air of the Rutgers University campus. (see pages 3 and 91)**



\$2,758,700 burglary of one of New York City's earliest Savings Banks, October 27, 1878

## THE PLUNDERING PORTER

It was 6 A.M. on Sunday morning. Helplessly, janitor Louis Werkle and his family, bound and gagged in their apartment, watched their assailants make off with the keys to the bank offices below.

A few minutes later, patrolman Van Orden pounded his beat past the bank's main window. A large screen hid the vault door from view. But a man in shirt sleeves was busily dusting and tidying the office furniture and looked up with a friendly smile. Reassured by the "porter's" cheerful greeting, the officer passed on.

Meanwhile, the struggling janitor escaped his bonds and rushed to sound the alarm. Detectives soon swarmed into the bank—but found only deserted offices, an empty vault and an idle featherduster.

At least ten men were eventually implicated in this fabulous \$2,758,700 burglary. Only two, however, were convicted, and Abe Coakley, the masquerading porter, was freed for lack of evidence.

Fortunately, non-negotiable bonds made up most of the loot, but before the case was finally closed, it fell upon the bank's trustees to make good many thousands of dollars which were never traced or recovered.

\* \* \*

*Time and again, the calculatedly bold masquerade has proved its effectiveness for criminals. Today, as yesterday, it is all too often successful.*

*The only sure protection against never-ending criminal ingenuity is adequate, well-planned insurance. Using the wholly dependable Aetna Plan of Risk and Insurance Analysis, your Aetna representative can set up a broad, flexible system of planned protection not only against robbery, but against fire, liability, embezzlement and many other hazards. For complete details on Aetna Plan coverage especially tailored to fit your bank's particular needs, call the Aetna representative in your community.*

**"The Secret Service Story"**—a dramatic new film on how counterfeiters, forgers and check thieves work. Available without cost for showing to your employees. For full information on bookings through your regional Aetna office, write: Public Education Department T-2

## AETNA CASUALTY AND SURETY COMPANY

The Aetna Life Affiliated Companies write practically every form of insurance and bonding protection

LIFE AND CASUALTY	FIRE AND MARINE
Aetna Life Insurance Company	Automobile Insurance Company
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# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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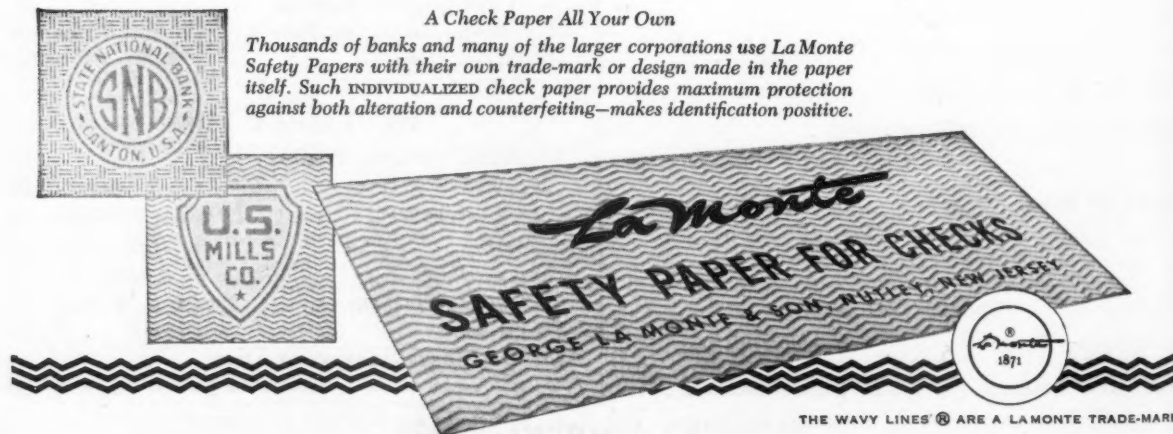


## Now I'm on my way!

What check ever can match that first pay check in glamour and appeal! Yet, aside from the purpose or money value of a check a mature mind is influenced by good and substantial appearance. To make the most of this fact a very large number of bankers in this country and abroad have specified La Monte Safety Papers for their checks. Their safety has served business well for over 80 years . . . their quality leaves little to be desired. Samples are available from your lithographer or from us direct.

### A Check Paper All Your Own

Thousands of banks and many of the larger corporations use La Monte Safety Papers with their own trade-mark or design made in the paper itself. Such INDIVIDUALIZED check paper provides maximum protection against both alteration and counterfeiting—makes identification positive.





# Just a Minute

## His Bankers' Club

EVERY day at precisely 12 noon an elderly man went to the bank's safe deposit department, obtained his box, took it into a booth and closed the door.

Every day at precisely 1 P. M. he came out, returned the box, and departed.

After this routine had gone on for a week or so the vault manager became curious. The renter had a \$5 safe, suggesting that his securities were hardly numerous enough to need daily attention. Why, then, the regular visits?

Finally the custodian reported the unusual happenings to the officers upstairs, and they decided to make some inquiries. Tactfully, carefully,

they questioned the unusual customer.

It developed that he was spending those noon hours eating his lunch! The cozy booth and the general environment made him feel, he explained, that he belonged to a club. He hoped the bank didn't object?

No, it didn't. And neither did it object to the substantial account which its luncheon guest opened as a result of the conversation.

## Recruiting High Schoolers

THE June 1952 crop of high school graduates will soon be in the labor market, perhaps for summer jobs, perhaps for permanent employment.

We asked several banks what they had done to interest these young



"Fritzie, come back here!"

people in bank work. The answers, reported in detail starting on page 34, provide some pointers that may be useful to your bank.

## June at Rutgers

DURING the last two weeks of June, The Graduate School of Banking conducted by the American Bankers Association at Rutgers University,

## THIS MONTH'S COVER

Rain, fog, sleet and various combinations of New Jersey spring weather had been the daily menu for several weeks, but "the day for the picture" dawned blue and sharp.

James G. Taylor, a resident of Flemington, New Jersey, has made a life hobby of photography. His neighbor, John C. Caka, also has a hobby, which is flying. For years the two have put their hobbies together and the result has been many examples of excellent aerial photography.

As Photographer Taylor puts it, they use a box kite with an outboard motor, plus a Graflex which he has adapted for air use. Mr. Caka was an Army instructor in World War II.

The pair took off on the appointed day with a map of Rutgers campus aboard and took the picture on BANKING's cover this month, which can easily be identified with the map appearing on page 91. There is also, on page 93, an excellent picture of the campus of the New Jersey College for Women, now used each year by the freshmen of The Graduate School of Banking.

BANKING is making available, for ordering at the coming resident session of The Graduate School, prints of the cover photo, size 8 x 10, at the price of \$1.50 each.



# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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# WHEN THEY DUG UP MAMMOTHS ON WILSHIRE BOULEVARD



**IN 1906** when mammoth and mastodon bones were first dug from the La Brea tar pits, Rancho La Brea was a lonely plain far west of Los Angeles, on a cowpath to the sea.

That year, we were already acting as Correspondent for other banks. The number served was modest; the demand was not great.

**TODAY**, the assembled La Brea fossils are Los Angeles museum treasures. The tar pits, now set in a small city park, are flanked by towering apartments and giant business buildings ... and the cowpath alongside is the "Miracle Mile" of world-famous Wilshire Boulevard.

And, today, Security-First National is a Bank of 138 Offices and Branches, serving California from mid-state to Mexico ... providing complete, competent Correspondent service for banks throughout America and overseas.

We would be pleased to serve you as Pacific Coast Correspondent. Write: Bank and Customer Relations Department.

**RESOURCES OVER 1½ BILLION DOLLARS**

## MANAGING COMMITTEE

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# SECURITY-FIRST NATIONAL BANK

OF LOS ANGELES

Member Federal Deposit Insurance Corporation • Member Federal Reserve System

will hold its annual resident session on the New Brunswick, New Jersey, campus.

At the conclusion of the fortnight the School's 16th class will be graduated.

BANKING salutes the G.S.B. this month not only with the attractive cover picture but also with a feature that lists the graduates who were promoted by their banks during the period between December 1, 1951, and March 7 of this year. Some of these men, of course, had had previous advancements.

## It's Just Around the Corner!

**I**N June the banker's fancy—and everybody else's—lightly turns to thoughts of vacation.

A vacation, naturally, is a serious matter. We impressed that fact on GRAHAM HUNTER when we commissioned him to do this month's cartoon. He took the idea so seriously that half way through the job he slipped away for a couple of days himself.

"Present, But Not Accountable" (page 37) is frankly a fantasy. But it does things to you!

## Speaking of Denominations

**F**RANK B. NICHOLS, president of The American Bank and Trust Company, New Haven, Connecticut, writes:

"We enjoyed your comments entitled 'What Denomination?' (page 6, May issue.)

"Perhaps you will enjoy an incident at our savings counter a short time ago.

(CONTINUED ON PAGE 6)

"What if we do spoil him? A wife, a job and taxes will take it all out of him when he grows up"



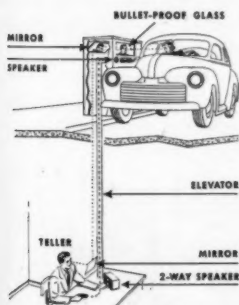
BANKING

# NEW TRADE MARK REG SNORKEL BRINGS CONVENIENCE OF "DRIVE UP" BANKING TO BUSY DOWNTOWN AREAS

City officials join bankers in praising exclusive, patented Mosler-Duplex Snorkel Teller. Solves traffic problems outside and inside the bank.

Yes, your police and traffic officials will be as pleased as your customers to have a "Snorkel" at the curb in front of your bank. For it solves parking and congestion problems for both. Saves congestion, shortens lines *inside* the bank, too. Which means the kind of service that not only builds good will, but also invariably attracts new customers.

Study the diagram . . . see how simply and efficiently the Mosler "Snorkel" works . . . to provide the convenience of suburban drive-in windows in your busy downtown location. Installations in operation throughout the country—with enthusiastic endorsement by both bankers and city officials. Mail coupon below for complete information.



1. CUSTOMER pulls up to "Snorkel," which is within easy reach of car window.

2. TELLER (located below sidewalk) and customer see and hear each other by means of mirrors and speaker system.

3. ELEVATOR deposit unit is brought down and sent up by the teller, completing a normal transaction in less than half a minute!

IF IT'S MOSLER . . . IT'S SAFE

*The* **Mosler Safe** *Company*  
Since 1848

World's largest builders of safes and bank vaults . . . Mosler built the U.S. Gold Storage Vaults at Fort Knox and the famous bank vaults that withstood the Atomic Bomb at Hiroshima

The Mosler Safe Company  
Dep't B-6, Hamilton, Ohio

Please send me, without obligation, further information on the Mosler-Duplex "Snorkel."

NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
CITY \_\_\_\_\_ ZONE \_\_\_\_\_ STATE \_\_\_\_\_



*Ask*

## The Bank of Nova Scotia

*about Canada...*

Since 1832 "Ask The Bank of Nova Scotia" has been open sesame to authoritative information and expert guidance on matters of finance and banking.

For you and your customers with business interests in Canada, The Bank of Nova Scotia offers complete banking facilities and information. Just ask The Bank of Nova Scotia!



NEW YORK OFFICE  
49 Wall Street

GENERAL OFFICES  
44 King St. W., Toronto

LONDON OFFICE  
108 Old Broad St.

(CONTINUED FROM PAGE 4)

"One of our depositors withdrew \$26. When the teller asked what kind of money she preferred, she said: 'It really doesn't matter. Give me two tens and a six'."

### Paying Utility Bills

LAST month JOHN B. MACK, JR., director of the A.B.A. Advertising Department, reported on his survey of the extent to which people pay their public utility bills by check. The returns indicated, you may remember, that, in MR. MACK's words, banks "have a big selling job yet to do" in expanding the volume of check business.

Too late for inclusion in the report was a letter from a large bank which asked one of its offices to survey utility deposits received in cash and otherwise. Figures for the first two weeks, this institution says, really surprised that office.

"The first week 299 payments were received in cash and 11 by check. The second week 294 were in cash and 17 by check. True, it is likely that the majority of people having checking accounts mailed their checks directly to the telephone company. On the other hand, it was startling to the office to find that nearly 300 persons, each week, who had telephones apparently had no checking accounts."

### She Was Right on Time, This Time

AT 4:20 o'clock on a recent afternoon MRS. DOROTHY SIMMINGER called the Fort Wayne (Indiana) National Bank's time service to check her watch, "thus enabling her," says the bank's publication *Kurrency Kapers*, "to quit work on

(CONTINUED ON PAGE 11)

"I'm sorry, Uncle George—but I only cash checks for strangers"

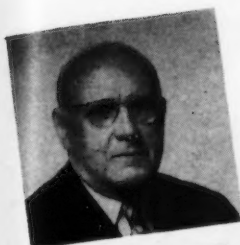


BANKING



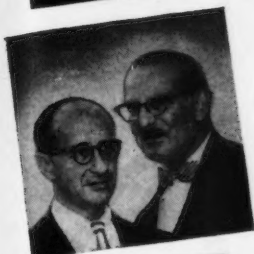
# It pays to modernize—

**the banker, the baker, the cocktail maker proved it  
...with better business!**



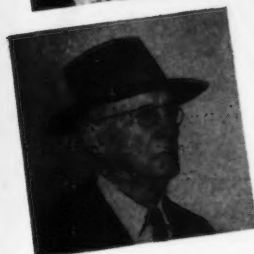
Bank president Charles A. Post,  
Providence, R. I.:

"The friendly open appearance of our new all-glass front at our Cranston Office has received very favorable comment from our depositors. We believe it helps greatly to attract new customers and keep old ones."



Women's apparel store co-owners  
Sam Prago and A. Guyes, Greens-  
boro, N. C.:

"Since modernizing four months ago we have found that business is running 20 to 25% better, in comparison with the same period in 1950. We are well satisfied."

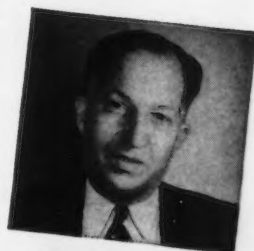


Furniture store owner J. H. Biggar,  
Pasadena, Calif.:

"Our new exterior has attracted people from all over Southern California to Biggar's . . . we believe the fact that the number of employees doubled from 65 in 1946 to 130 in 1951 is significant."

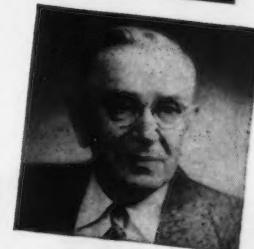
Restaurant-bar owner Louis Fratan-  
gelo, Pittsburgh, Pa.:

"Since the installation of the new Pittsburgh front business has increased 30% and employee morale and working efficiency is at a new high."



Hardware store president John Sell,  
Pittsburg, Kansas:

"What our new front did for our business is almost unbelievable, and we had to employ more sales people to take care of the increased business."



Grocer Harvey C. J. Deiley (shown,  
center, with partners) Allentown,  
Pa.:

"We have found that our business has improved beyond expectations as a result of our new store front. It is a very attractive one and exceeds our fondest dreams as to appearance and pulling power."



When you modernize your bank, or the retail properties you handle, consider the advantage of using Pittsburgh modernization materials . . . the leaders in the field. The line includes such eye-catching products as Polished Plate Glass; Twindow—Pittsburgh's window with built-in

insulation; Carrara Structural Glass in ten handsome colors; lustrous Pittco Store Front Metal; beautiful, clear Mirrors; and many other quality products that will help give your places of business a winning personality . . . inside and out.

For information about the complete

line of Pittsburgh Products, and for photographic examples of how other bankers have used Pittsburgh Products to create outstanding store fronts and interiors, send for our booklet, "How To Give Your Store The Look That Sells." It's yours for the asking. Just return the coupon.

**Store Fronts  
and Interiors  
by Pittsburgh**



Pittsburgh Plate Glass Company  
2178-2 Grant Building, Pittsburgh 19, Pa.

Without obligation on my part, please send me a FREE copy of your modernization booklet, "How To Give Your Store The Look That Sells."

Name.....

Address.....

City.....State.....



PAINTS • GLASS • CHEMICALS • BRUSHES • PLASTICS

**PITTSBURGH PLATE GLASS COMPANY**

# "HAPPILY MARRIED"



# FOR 35 YEARS!

By Mr. Friendly

## (AN AMERICAN MUTUAL BRIEF CASE)

**The girl?** ... She stands for "Sealed Power" of piston ring fame!

**The marriage?** ... For 35 years her company has been an American Mutual policyholder!

**The happiness?** ... We've saved her company \$111,000 through dividends alone ... We've worked together to reduce accidents and to reduce insurance rates to 40% below average for her industry ... a savings of more than \$135,000 in premiums in the last 6 years alone!

**The evidence?** ... says Paul C. Johnson, executive vice president of Sealed Power: "The simple fact that we have been insured with your good

company for more than 35 years should certainly indicate that we are more than satisfied."

**The Moral:** If you are interested in service that can save you money (lots of it) through fewer accidents, better production, happier people, lower rates ... let us *woo* you soon!

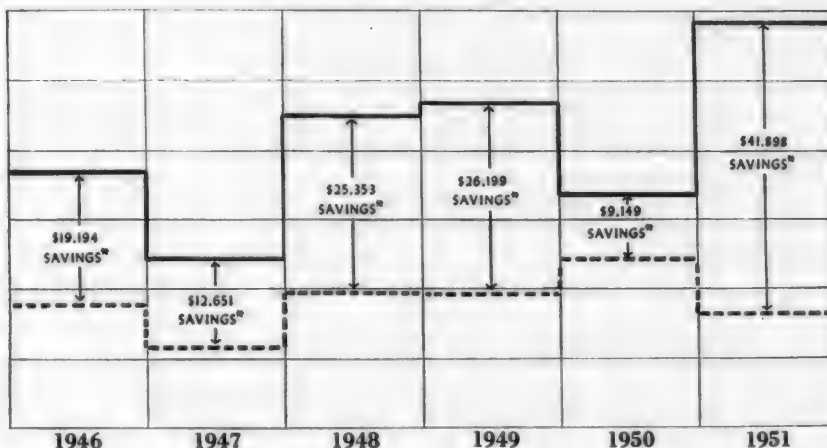
American Mutual Liability Insurance Co., Dept. B-9, 142 Berkeley Street, Boston 16, Mass.

AMERICAN MUTUAL



service from salaried representatives in 78 offices!  
savings from regular substantial dividends!

### SEALED POWER CORPORATION Muskegon, Michigan



————— MANUAL PREMIUM  
----- ACTUAL PREMIUM

\*Exclusive of Dividends

© 1952, AMERICAN MUTUAL LIABILITY INSURANCE COMPANY

## A WEALTH OF PRACTICAL INFORMATION



Of course, we don't pretend to have ready-made answers to all your problems. But we do have many facilities and services, such as those indexed above, which are available to correspondent

banks through an experienced staff of specialists.

We hope you will feel free to inquire regarding these services—or any other ways in which we may serve you.

## MELLON NATIONAL BANK AND TRUST COMPANY

PITTSBURGH 30, PENNSYLVANIA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION





"May I have a pad of deposit slips . . . the long ones? They're better for writing down my laundry list"

(CONTINUED FROM PAGE 6)

time." Then a voice informed her that she had just made the 1,000,000th call to time service.

This fortunate circumstance enriched MRS. SIMMINGER by one eight-day desk clock and a 22-year calendar, presented by the bank's vice-president, THOMAS A. MCKIERNAN.

### Flag Day Every Day

A BANKER sent to the Public Relations Council of the American Bankers Association this suggestion:

"In these days of unrest and uncertainty, the sight of the American flag flying bravely in the breeze gives many citizens a feeling of calm confidence. Would it not be a good idea for every bank to fly the flag, day in and day out?"

The Council passed along the suggestion in its occasional publication, *Public Relations News*, and received from the City National Bank and Trust Company of Oklahoma City a copy of one of the bank's own ads that further emphasized the idea.

The advertisement, celebrating a national holiday, was topped with a photograph of the Stars and Stripes flying over the City National building. The copy reviewed the American heritage, and concluded: "That's why our flag is flying . . . today and every day."

### A Nickel's Not Enough

INFLATION, observes the *Los Angeles Times*, has hit the kindergarten, too.

In a feature story on the city's

This advertisement is neither an offer to sell nor a solicitation of offers to buy any of these securities. The offering is made only by the Prospectus

NEW ISSUE

May 7, 1952

## 103,185 Shares Northwest Bancorporation

### 4.20% Convertible Preferred Stock

(Par Value \$50 Per Share)

Holders of the Corporation's outstanding Common Stock are being offered the right to subscribe at \$50 per share for the above shares at the rate of one share for each fifteen shares of Common Stock held of record on May 5, 1952. Subscription Warrants will expire at 3:00 P.M., Central Standard Time, on May 20, 1952.

The several Underwriters have agreed, subject to certain conditions, to purchase any unsubscribed shares and, both during and following the subscription period, may offer shares of Preferred Stock as set forth in the Prospectus.

Copies of the Prospectus may be obtained from any of the several underwriters, including the undersigned, only in States in which such underwriters are qualified to act as dealers in securities and in which the Prospectus may legally be distributed.

The First Boston Corporation

Blyth & Co., Inc.

Kidder, Peabody & Co.

Merrill Lynch, Pierce, Fenner & Beane

Piper, Jaffray & Hopwood

J. M. Dain & Company

Kalman & Company, Inc.

A. G. Becker & Co.  
Incorporated

Dominick & Dominick

This handsome key chain is but one of many interesting advertising specialties created for banks by Bastian's skilled craftsmen. Others include: money clips, letter openers, ash trays, cigarette lighters, plastic pocket calendar cards, dealer financing signs.

These gifts sell in quantity for considerably less than the cost of the comparable retail item. May we send you samples of some of these individualized gifts?

**BASTIAN BROS. CO.**  
852 BASTIAN ST.  
ROCHESTER, N. Y.

## WHICH IS EASIER FOR YOUR BOOKKEEPERS TO HANDLE?

\_\_\_\_ 19 \_\_\_\_ No. \_\_\_\_

**NAL BANK** 97-32  
4119

\_\_\_\_ \$ \_\_\_\_

\_\_\_\_ DOLLARS

*[Signature]*

OR

**HARRY F. MANOR**

*[Drawing of a man's head and shoulders]*

### Imprinted *Thrifty Checks*

speed up sorting, posting,  
filing and reconciling ... and  
also have customer appeal  
which builds new business!



*With Thrifty Check,*  
we supply a check imprinter,  
operating forms and continu-  
ous, quality advertising

~ and ~

**NO INVESTMENT BY THE BANK**

...Plant the seeds of inquiry now  
and reap the profits this Fall.

**BANKERS DEVELOPMENT  
CORPORATION**

100 Park Avenue, New York 17, N. Y.

big school savings program, Humphrey Owen quotes the supervisor of the program, BURTON M. OLIVER, as saying that the kids' thinking "has turned higher with the prices and now it's the larger coins, and even the dollar bill, that are in demand."

### Those Bound Volumes

IN the April issue BANKING announced that it would dispose of 40

bound volumes, dating back to No. 1, on a first come, first served basis.

Duquesne University, Pittsburgh, made the best time in responding to our offer, and consequently had the pick of the crop.

Other volumes went to Amherst College, University of Kentucky, Mesa College, and the Campbell County Bank of Rustburg, Virginia.

Nearly a dozen banks and libraries sought the books.

\*\*\*\*\*

### Finish This Cartoon!

#### \$10 for the Best

WHEN DICK ERICSON had got thus far in the cartoon below, he put down his pen, picked up his hat and hurried to BANKING's office.

"Idea!" he exclaimed.

BANKING waited patiently. Sometimes it's inadvisable to block an artist's train of thought even with a "What is it?" This, plainly, was one of those occasions.

"Let the readers finish this drawing," said MR. ERICSON. "Let 'em think up the gag line, too. . . . How's that for an idea?"

It sounded all right, and almost before we knew it we had a Contest on our hands.

#### The Rules

HERE'S what you do:

Using either the printed drawing or your own facsimile, put a head and features on the man at the Ericson Gal's counter. (Perhaps he's saying something. Maybe he's pleased, surprised, or angry. Maybe he's ad-

miring the young lady. Or is he remembering that he forgot something? We don't know. It's up to you.)

Write a snappy caption line—the shorter the better.

Send the finished product to Contest Editor, BANKING, 12 East 36th Street, New York 16, N. Y.

The contest closes July 1, 1952.

For the best combination of drawing and gag BANKING will award a prize of \$10. In case of a tie duplicate prizes will be given.

The contest judge is Mr. Ericson, whose decision will be final. (After all, it was his idea, so we're glad to let him bear the responsibility.)

The winning entry will be published in our August issue. No entries can be returned.

It is suggested that you work with a soft black pencil. If you prefer a pen, try a few practice flourishes on another part of this page or whatever paper you plan to use, to be sure that your drawing won't smudge.

JOHN L. COOLEY



You can buy a plant... but  
you must build a market

An industrial plant can be bought or sold. If its management seeks a loan or investment capital, you recognize among its assets the value of the building and the condition of the equipment used for production.

But such a plant is not actually a business, nor is it a good investment unless there is a market for its products. If the company owning the plant has thoroughly cultivated its markets and has established a recognition and preference for its products, then and only then, is it a sound investment.

Consistent, well directed and properly

executed business paper advertising builds and maintains markets and recognition for the company. Because it cuts the time factor in selling, it is as important an investment in the reduction of sales costs as modern machines are in the reduction of production costs.

*You may have a financial interest or responsibility in a company, or may be called upon to advise your customers regarding investments. In either case, check to see that the company's management is using adequate business publication advertising to build and protect its markets.*

*We have available a 20-page booklet—"Mechanized Selling at Work". It explains the basic application of business paper advertising to the job of reducing sales costs. We'll be glad to mail you a copy without obligation. Address your request to Company Promotion Department.*



**McGRAW-HILL PUBLISHING COMPANY, INC.**



330 WEST 42nd STREET, NEW YORK 36, N. Y.



HEADQUARTERS FOR BUSINESS INFORMATION



### *The Westwood*

1984 square feet, three bedroom, one and a half bath  
Floor plan . . . an ideal family-sized home.

## DIVERSIFICATION SPELLS SUCCESS IN THE HOME BUILDING FIELD

More and more builders are finding that the diversity of the Peaseway line of homes pays off for them in consistent sales and profits! For there is a Peaseway home to suit every buyer—low-cost or luxury; traditional, ranch style, or contemporary design—That means

### THE PEASEWAY FRANCHISE BUILDER COMPETES IN ALL MARKETS . . . SELLS TO ALL PROSPECTS

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The Pease Line ranges from a traditional two bedroom home of 691 square feet to the contemporary design "Archwood" of 1410 square feet with 4 bedrooms and 2 baths. The basic designs of all Peaseway homes lend themselves to an unlimited number of exterior variations, insuring pleasing individuality for every buyer.

Large or small, all Peaseway homes offer the utmost in quality, durability, livability, and salability! It pays to be a Peaseway Franchise-BUILDER—write today for full information.

PRICES RANGE FROM \$7700  
FHA ACCEPTED

**Peaseway**  
*homes*  
First all better living

WRITE TO:  
**PEASE WOODWORK COMPANY**  
ROOM 632  
CINCINNATI 23, OHIO  
"In business in Cincinnati since 1893"

## Assembling Statements

CHARLES S. CONKLIN

MR. CONKLIN, auditor of *The First National Bank of Atlanta, Atlanta, Georgia*, suggests some operating time-savers and economies. Others will appear in *BANKING's* next issue.

**B**ANK production or processing departments go through many motions, some of which can usually be simplified or eliminated. It is the sum of these individual motions that makes up the total cost of doing business, and anything that will contribute to their reduction or simplification will contribute to a cut in the over-all cost. Here are a few things that may point the way toward reducing the size of this ocean of motions.

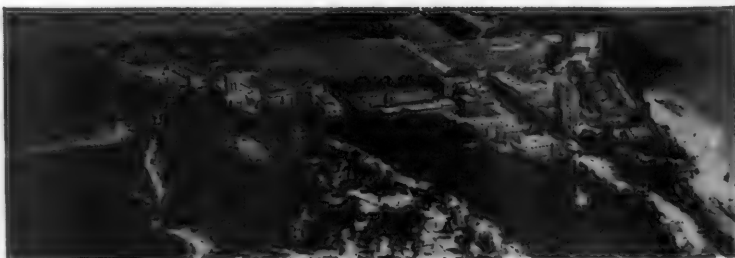
When the time comes to assemble statements, there may, unfortunately, be fewer checks than postings on some accounts. One of the first things to do is to look through the check file to see that a check has not been left hidden behind some of the guides. A hole punched through the middle of the guides will simplify this procedure since all that will have to be done is to pick up the guides and look through the holes. A stray check can easily be located.

A machine to fold the statements before they are assembled will not

only save time but will also do a much neater job and will insure a uniform fold, making it easier to insert the statements in envelopes. Folding machines are available in small hand models or large mechanically operated models. You will, no doubt, find other uses for a folding machine in your bank to help defray the initial cost.

The use of window envelopes eliminates the necessity of separately addressing envelopes for statements that are to be mailed, and also eliminates any possibility of a statement and canceled checks being placed in an incorrectly addressed envelope or in the wrong envelope.

A code system on the stencils used to head bookkeeping statement sheets can be very helpful in assembling and handling statements; it can also be helpful to bookkeepers. A simple code such as "M" for Mail Statements, "H" for Hold, and "D" for Delivery can be used to show the disposition to be made of statements after they have been assembled. A code may also be included on the stencil to designate the officer who handles the account. This assists the bookkeeper when it is necessary to refer matters of importance to the proper officer.



U. S. ARMY PHOTO.

**T**HE United States Military Academy's (aerial view of the Academy above) Sesquicentennial was marked during May by the East River Savings Bank in its various New York City offices with exhibits in its windows, galleries, and display cases. Items of interest pertaining to the Academy, its famous cadets, and alumni were loaned to East River by the West Point Museum. Included were models of artillery guns from 1800 to date; relics from the Indian wars; early diplomas presented to cadets upon graduation; messages from famous graduates; an exhibit of famous headgear; medals of General George Goethals; and samples of the medals and awards of the United States.



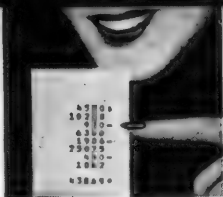
Only the *National*  
adding machine  
has all 8  
money-saving  
features...

and *National* combines these 8 features on one machine!

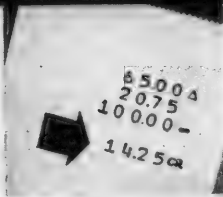
On average listings these 8 features, combined, save hundreds of motions every hour. The more of these features a machine has, the more time and effort will be saved *every hour the machine is in use*. Isn't it reasonable, then, to get the only adding machine that combines *all* 8 features—the National? Call the local National factory branch, or dealer, for a demonstration on your own work. Models and prices to fit your needs. (There's absolutely no obligation.) MODEL SHOWN 11-EN



**1. AUTOMATIC CLEAR SIGNAL**  
Gives automatic printed proof of whether or not machine was "clear" when first amount was listed. There's never any doubt!



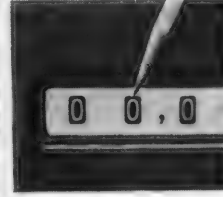
**2. SUBTRACTIONS IN RED**  
Can never be mistaken for additions. Red figures stand out even after being "checked off" on tape.



**3. AUTOMATIC CREDIT BALANCE**  
"Minus" total computed automatically and printed with only one touch of total bar. Prints in red with CR symbol.



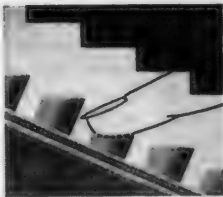
**4. AUTOMATIC SPACE-UP OF TAPE**  
Tape automatically moves up to tear-off position when total is printed. Saves effort, time, paper.



**5. LARGE ANSWER DIALS**  
Always show the running total in large numerals. No eye strain. Permit use of machine without tape.



**6. EASY-TOUCH KEY ACTION**  
Soft, yet positive (cigarette doesn't even wrinkle). Several keys may be pressed at once. All ciphers print automatically.



**7. STAIR-STEP, VISIBLE KEYBOARD**  
Key arrangement prevents depressing two keys in same column at same time. Amounts visible until added or subtracted.



**8. RUGGED-DUTY CONSTRUCTION**  
Built to give longer life at lower cost. All working parts double rust-proofed. Compact for desk use.

For your nearest National branch office or National adding machine dealer, consult the yellow pages of your Telephone Directory.



THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO

# QUESTION: How Secure Is

## *Our Adaptable Economy*

EUGENE R. BLACK

Mr. Black is president of the International Bank for Reconstruction and Development

**E**XCLUDING the catastrophe of a third world war, most people see two main threats to continued world prosperity. One is the threat of inflation and general distortion of economic activity caused by the rising defense expenditures throughout the free world. These expenditures do, of course, push employment to high levels; and they keep productive facilities fully utilized—or nearly so. But they also restrict consumption and productive investment. They force individuals to sacrifice, and make businesses postpone execution of some of their plans for expansion. They create serious fiscal problems for governments trying to curb inflation. In my judgment, however, the problems imposed on the nations of the free world by the current defense effort are not an insurmountable danger to continued prosperity.

I believe this for several reasons: Productive capacity is being rapidly expanded, existing capacity is being more efficiently used, and vast resources in many regions are being more effectively developed. If the energies of the free world are fully mobilized, they can withstand the strain of necessary expenditures for defense.

The second threat to continued prosperity is almost the exact opposite of the first. It is the threat of deflation following a cutback in defense expenditures. Such a cutback might mean mass layoffs, idle

machines, and a general slowing down of business activity. Undoubtedly a decline in demand for defense goods would cause a temporary shock to the economies of many nations. But at the same time the immense volume of resources now used for defense production would be released for the satisfaction of consumer needs, and backlogs of savings now being built up could be productively invested.

There are those who argue that our economic system is incapable of fully using its productive capacity except when defense requirements are paramount. I do not agree. I

Eugene R. Black



think that the readjustments which were made following World War II have shown that our economic system can adapt itself to changing economic requirements. For example, the fiscal, monetary and wage systems which have been developing in most of the leading industrial countries have created "stabilizers" which can check the speed of deflationary trends. Of course recessions from high levels of economic activity will never be eliminated, but means are being developed to prevent a ruinous accumulation of the forces of deflation.

This does not mean that continued world prosperity will occur as a matter of course. It will be necessary to take advantage of every sound opportunity to put to work the resources of the free world. I believe that many such opportunities may be found in the progressive development of the world's underdeveloped countries. A start has been made. I hope that the time will soon arrive when the urge of the underdeveloped areas for a more rapid rate of growth will result in the framing and execution of an increasing number of realistic development programs.

Development of economic and human resources is of major importance both to these countries and to the industrialized nations. Economic growth can provide added sources of raw materials and new markets. It can raise trade levels, accelerate the long-term increase of world income, and provide a steady outlet for savings accumulated in countries which already enjoy high per capita incomes.

These things have a vital bearing on continued world economic prosperity. Whether the economy of the free world is geared to defense expenditures or to the satisfaction of consumer demands, sound economic development can add greatly to its strength and balance.

# World Prosperity?

*Let Every Nation Take Account of Itself . . .*

FRED I. KENT

Mr. Kent, widely known for his many active years in the American Bankers Association and the American Institute of Banking, is a director of the Bankers Trust Company, New York

THE turmoil in the world today and the result of the unwise method of ending World War II, plus the deliberate agitation carried on for the express purpose of developing unrest among as many nations as possible, leads to a feeling, without analysis, that prosperity in the world is hopeless. Throughout history, however, conditions at times have built up little by little into periods of great hardship for the people, which finally were clarified by war, or brought to a crisis without war, and a better era has taken its place in the cycle.

Today the world is threatened with World War III and yet the tremendous unrest which is at the bottom of such a threat is working toward a situation that might easily ameliorate existing friction and give the peoples of the nations an overwhelming desire for peace. Such a development is not at all improbable if the Politburo of Russia should quiet down and begin to realize the certain disaster that must follow if there is a continuation of the lack of integrity in their dealings with the rest of the world and with their own people, and they would give recognition to the value of truthful procedure between themselves and all other nations as well as with the Russian people. There would then be a chance for prosperity to develop in the world to the benefit of all countries.

Many nations which have been

stirred up by the communists to rebel against the countries which hold them as colonies may then be able to find grounds for agreements of benefit to all concerned.

Again, there is a great amount of unrest throughout the world due to growth of populations creating shortages of food and even starvation. A turn in this trend of population, which has already been taking place in some areas, together with the better knowledge as to how to increase the production of food-stuffs with simple changes in methods of cultivation possible even to very poor communities, can neutralize unrest in a great many places.

Fred I. Kent



Then, when we in the United States learn to confine our vast expenditures throughout the world to those which will not develop jealousies but will really aid in alleviating hardships, and can disburse them intelligently and effectively, although on a greatly reduced scale, unrest will lessen and the desire for peace may flood the minds of many peoples who at present are very much distraught.

Cutting the expenditures of the United States in foreign aid as well as in nonessential domestic spending is extremely necessary, because, if we bring bankruptcy upon our nation, the rest of the world is doomed. On the other hand, if we rebuilt our economic structure on a sound basis, and increase our ability to be helpful instead of destroying it by wasteful methods and those which tend to make the rest of the world dislike us through envy and because we seem to be butting into their affairs too much, we can be the Good Samaritan we really wish to be.

Then, as hatreds die down and people begin to recognize the strength of the forces for peace that exist, an increasingly powerful movement toward world prosperity is entirely possible and very probable.

Let every nation take account of itself and do its part toward the accomplishment of world prosperity, and it will surely be brought about.

# Drive INTO the Bank

**T**HE First National Bank in Dallas has opened its new motor bank. Built at a cost of \$1,300,000, exclusive of land, the seven-story and basement structure enables the customer to drive into the bank where virtually every banking service is available. He parks his car in one of 22 stalls and walks a few steps into a glass-enclosed banking area where seven teller windows have been provided. When he completes his banking he re-enters his car, backs it from the parking stall, and drives out of the building.

Located across Elm Street from First National's main offices, the motor bank is connected with the bank proper by a pedestrian subway beneath the street.

Motor banking customers may also drive in the Pacific Avenue entrance (one level above Elm Street), where attendants will park their cars. There is space for 20 cars on this level. Customers walk down the stairs or ride an elevator to the banking floor. If they have business in the main banking quarters, their cars will be driven by attendants up a spiral ramp to the storage floors, of which there are four. Customers may use the subway to reach the main offices.

The seventh floor, to be completed soon, will house First National's transit, bookkeeping, and analysis departments, which will be moved from the main offices.

The basement has been given over to expanded employee facilities and to bank operations. The new staff center includes a game room, lounge, and lunchroom; a health center, including a treatment room and a recovery room; and a snack bar.

**T**HE motor banking area, comprising 2,700 square feet of space, has walls of white oak paneling. Fixtures are also of white oak. In addition to the seven teller windows for the general public, there are four special teller stations for armored motor service. Teller counter fronts are of oriental red marble and counter tops are of red formica. Teller windows are of stainless steel and bullet-proof glass, so designed that maximum protection is given tellers but conversation between teller and customer can be carried

on in normal tones. The floor is of rubber tile. Doors to employee working area are controlled by electric locks. Two stainless steel package receivers at both ends of the teller counter have been installed for bulky deposits. Latest-type tellers' equipment has been installed including teller machines and money buses built to the bank's specifications.

A brief dedicatory program was conducted by Ben H. Wooten, First National president.

Open house features included souvenirs, a "houseful of money" guessing contest, and a display of new cars in the parking area.



This entrance to the motor banking level is directly across the street from the main offices of The First National Bank in Dallas



The banking area of the motor bank is glass-enclosed, air-conditioned and modern in design. There are seven teller windows for the public and four teller stations for armored motor service. Walks lead from the parking area



This is the treatment room of the employees' health center in the basement of the motor bank building



# **FIELD WAREHOUSING**

## **Warehouse Receipt Loans Against Inventory**

Hundreds of banks use our Field Warehouse Service for Warehouse Receipt Loans against raw materials and finished products stored right on their customers' own premises. These bankers tell us they like our storage methods, our simplified stock control, certified stock records and physical inventory controls. Their customers find our storage charges reasonable and welcome this method of securing additional working cash, so essential now with rising costs, higher taxes and increased payrolls.

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**New York Terminal Warehouse Company**  
**25 SOUTH WILLIAM ST., NEW YORK 4, N. Y.**

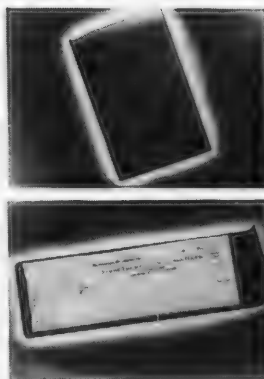
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## COAST BOOK COVER COMPANY

810 East Third Street, Los Angeles 54, California

## Banker's Hobby Saving Young Delinquents

EVERY once in a while, bankers participate in community activities that become the subject of refreshing news stories. Such a story concerns E. A. Ebersole, vice-president and cashier of The State Central Savings Bank, Keokuk, Iowa.

Mr. Ebersole, a member of the football squad at West Point more than a quarter of a century ago, recently caught three boys engaged in petty thieving. A short time before, he had been reading about efforts to control juvenile delinquency in Monmouth County, New Jersey, and determined to apply the Monmouth plan to the problem.

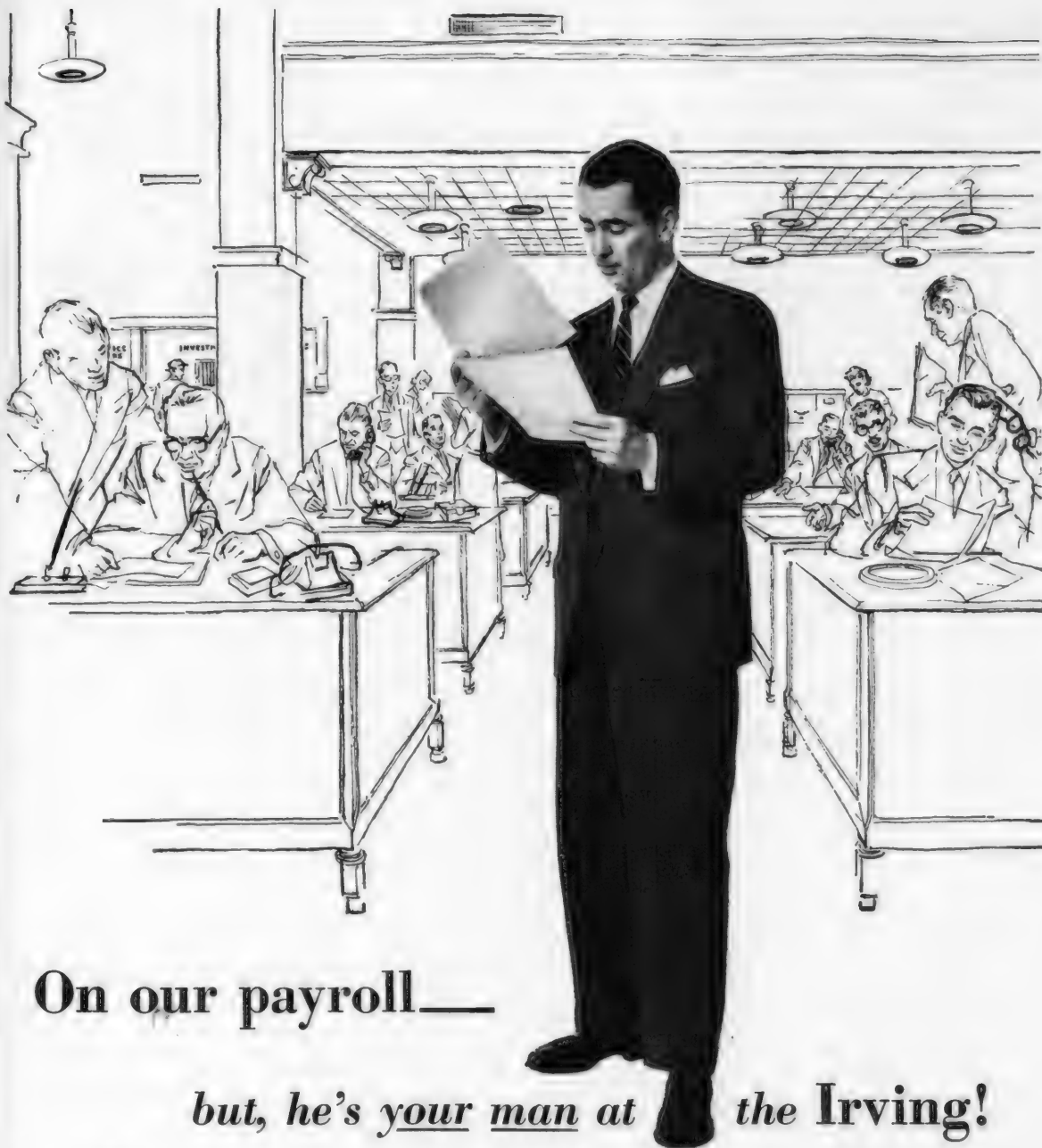
"While this was turning over in my mind," he says, "it was my fortune to catch three youths who had been stealing small amounts. Rather than have them arrested, I decided to try my theory.

"My experience with the youths was very satisfactory. I talked with them and with their parents, and so far two of the three are doing fine. The third boy is now in Eldora for a few years. He was a third or fourth offender and there wasn't much hope of saving him. I made all three boys promise me that they would come to see me in my office every Saturday, and the two boys lived up to the promise.

"It was discouraging, in questioning these lads, to learn of their home situations and to know that what they wanted most was the opportunity to work after school and on Saturday to earn money for the movies or the small things that make a boy happy. They had tried to get jobs but couldn't because of their ages. Two were from broken homes and there was nothing for them to do after school. They just ran in gangs and got into trouble—yet they wanted to work.

"It is my feeling that the child labor laws should be amended so as to take care of youngsters who would like to have something to occupy their minds and to earn a little spending money. Not having this opportunity, some take to stealing.

"We need unselfish individuals who are more interested in saving material for citizenship than in compiling a rising graph of convictions to the glory of their own office."



On our payroll—

but, he's your man at the Irving!

Like your own employees—he knows your needs, has your business point of view. At his finger tips are the resources of a large banking organization . . . a world-wide network of correspondents . . . experts in every

field of banking and finance. Daily he puts them to work for you.

We want you to look upon him as a member of your own staff—ready to assist you in any detail, large or small.

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ONE WALL STREET • NEW YORK 15, N. Y.

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Total Resources over \$1,300,000,000

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RICHARD H. WEST, President.

Domestic Banking Division, NOLAN HARRIGAN, Senior Vice President in Charge

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Mark A. Brown (seated), president, and Stanley G. Harris, executive committee chairman, with young visitors at the bank's family open house

*This department is compiled by THEODORE FISCHER of BANKING'S staff.*

### Family Open House

**H**ARRIS TRUST AND SAVINGS BANK, Chicago, held a Family Open House and some thousand relatives of the bank's employees came to call. Visitors ranged in age from seven weeks to 84 years. There were exhibits and guided tours. Buffet tables were set up on several floors.

MARK A. BROWN, the bank's president, played host.

THE BANK OF FARMINGDALE, New

York, merged on May 9 with the FRANKLIN NATIONAL BANK of Franklin Square. The following day a 9-to-9 open house was held to celebrate this event. Thousands of long-stemmed roses were given away; there were door prizes; those opening new accounts received special gifts. ROBERT SIMON, president of the Bank of Farmingdale, has been elected a director of the combined institutions. EDWARD J. QUINN has been named manager of the Farmingdale office, assisted by JOHN S. BAYLIS.

MANUFACTURERS NATIONAL BANK OF TROY, New York, celebrated its 100th anniversary with a birthday party. There were 218 guests. CHARLES DIEFENDORF, president of Marine Midland Corporation and Marine Trust Company of Western New York, Buffalo, was the speaker. J. DON WELCH, president of Manufacturers, cut the first piece from

These girls in period costumes were hostesses at the open house which celebrated the opening of the remodeled and redecorated building of the Shenandoah Valley National Bank of Winchester, Virginia. Some 6,000 persons attended and caused a real pedestrian traffic jam as they lined up four deep for blocks waiting to get in. The day before the affair, 100 helium-filled balloons were released in front of the bank, the finders to return the attached card and receive a dollar. Of the first three returned, two were from neighboring states, Delaware and Maryland. The modernized bank features drive-in windows, pneumatic tubes for mail, an enlarged instalment credit department



# Heard Along



E. V. Krick



Richard Randall

an elaborate cake which was a replica of the bank.

### E. V. Krick

**EDWIN VERNON KRICK**, retired senior vice-president of American Trust Company, San Francisco, died May 4, at Fresno. The previous day he addressed a meeting of the California Bankers Association. He was 70.

MR. KRICK was a past president of the California Bankers Association, of San Francisco Chapter, American Institute of Banking, and was national president of the Institute in 1924. He served for many years on the Executive Council of the American Bankers Association as well as on various committees of the organization. He was a past chairman of the A.B.A. Bank Management Commission.

MR. KRICK began his banking career with American Trust Company in 1912. He retired as senior vice-president on December 31, 1951. His wife, Sarah Adams Krick, survives.

RICHARD RANDALL is now vice-president in the trust department of The National City Bank of Cleveland, Ohio.

ELLERY SEDGWICK, JR., has resigned as vice-president of the National City Bank of Cleveland to become president of the Medusa Portland Cement Company in Cleveland.

PAUL LORTON has been named vice-president in charge of sales for Lawrence Warehouse Company. He and president LOUIS A. BENOIST are



# Main Street



J. N. Dinsmore



Harry R. Flory

on a month-long trip by company plane for meetings in the principal banking centers of the country.

HARRY R. FLORY, director of foreign news reports for United Press in New York City, has been named a trustee of the Broadway Savings Bank, New York.

JOHN N. DINSMORE has been named as assistant to Director H. EARL COOK of the Federal Deposit Insurance Corporation, to succeed the late ALBERT G. TOWNERS. MR. DINSMORE's background includes law, banking, and 10 years with the FBI.

## Charles G. Williams

CHARLES G. WILLIAMS, since 1928 president of The First National Bank of Mercer, Pennsylvania, died on April 25 at the age of 85. He had been with the bank for 64 years, having joined it as a clerk in 1888. He was a member of the 50-Year Club of the Pennsylvania Bankers Association.

MR. WILLIAMS was born on a farm in what is now Farrell, Pennsylvania. The site is now occupied by the office of the Carnegie-Illinois Steel Corporation.

When THE FIRST NATIONAL BANK OF SOUTH RIVER, New Jersey, opened its doors in 1902, the town had 2,100 people, all of whom previously had to travel to New Brunswick or Perth Amboy for banking service. Today the population is 11,309 as the bank celebrates its 50th anniversary. Three men who opened accounts on the first day of business still bank

there; one is ROBERT F. FOUNTAIN, now chairman of the board. Another, W. C. ROSE, is a vice-president and has been a director since 1920.

The SAVING FUND SOCIETY OF GERMANTOWN AND ITS VICINITY has opened its third office in the "Great Northeast" section of Philadelphia. Manager is Howard Solly, former Army Air Corps pilot and former Harrisburg, Pennsylvania, banker.

## 74 Years in One Bank

THE American Bankers Association was three years old when HORACE BINNEY HOGELAND went to work for the First National Bank of Newtown, Pennsylvania. Rutherford B. Hayes was President of the United States.

Now 90 and still working every day as president of the bank, he



Horace B. Hogeland

completes 74 straight years there on June 26, Paul Blanshard, Jr., tells BANKING.

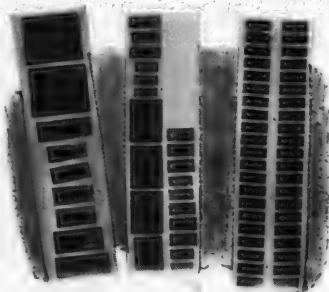
"We occupied one room in a home," MR. HOGELAND recalls, "and the tenants did double duty as watchmen. A low counter and big safe and large ledger stand out in my mind as our working pieces. I swept out the place. I entered by (CONTINUED ON PAGE 27)"

The auto is a White, circa 1911, which is painted maroon. The bank is the new Jeffersonville, Pennsylvania, drive-in branch of Peoples National Bank of Norristown. Owner-driver is Montgomery County Municipal Court Judge George C. Corson, accompanied by the first depositor of the new branch, Harold G. Knight, president judge of the county courts. In the rear seat is T. Allen Glenn, Jr., president of the bank. Judge Corson, a member of the Antique Automobile Owners' Club, also has a Stutz Bearcat, and a very antique Model T Ford which he uses to drive to and from the court house. Because of the White's right-hand drive, the car had to enter by way of the exit. In exiting via the entrance, the judges went the wrong direction down a one-way street and got away with it.





## *3 reasons why modern*



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## SEE HOW YOU CAN SAVE WITH MODERN BURROUGHS MICROFILMING

Rarely can replacement of out-of-date equipment pay off as handsomely as in the case of microfilming! Here's the kind of saving you can expect with new, modern Burroughs microfilming.

The use of 8 mm photography on 16 mm film more than doubles the number of images per foot of film. The 37 to 1 reduction ratio—the highest available—adds to the saving. Film costs are slashed as much as 80 % in many cases. The savings in film costs can pay for the new equipment! And the photography itself is superlative for its clarity and contrast.

With Burroughs, you *own* the equipment . . . you don't have to rent. And your equipment is the most modern available—made by Bell & Howell, sold and serviced by Burroughs. There are 25 Burroughs processing stations for fast, expert developing of your film, over 600 Burroughs service centers to keep your equipment at peak performance—wherever you are.

Your Burroughs representative has factual data for your consideration, and can give you immediate delivery of the equipment. Why not call him today? Burroughs Adding Machine Co., Detroit 32, Mich.

*In Canada:* Burroughs Adding Machine of Canada, Limited, Windsor, Ontario



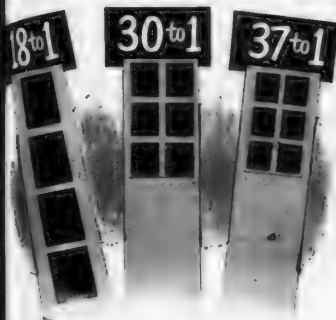
WHEREVER THERE'S BUSINESS THERE'S

# Burroughs



Modern, high-speed Bell & Howell recorder offers many cost-saving features that make obsolete most microfilming equipment now in use.

ern Burroughs Microfilming is best for you—



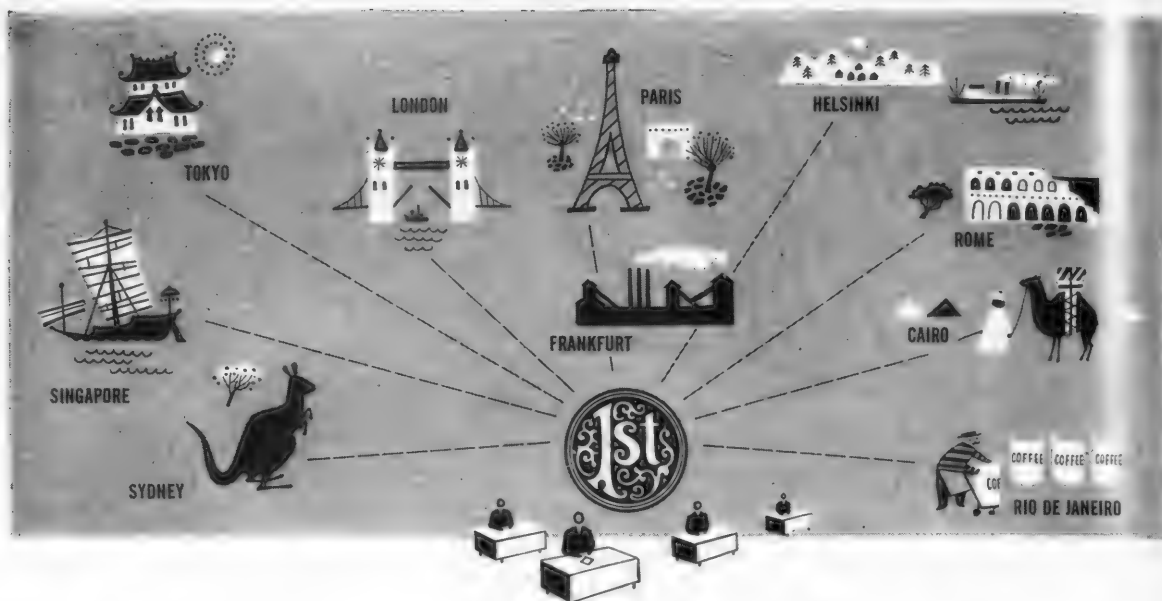
### HIGHEST REDUCTION RATIO

Burroughs Microfilming gives you highest available reduction ratio (37-1) — assuring more images per foot of film. Two other reduction ratios (30-1, 18-1) insure finest photographic results for even "fuzziest" documents.



### FAST, EASY OPERATION

Bell & Howell Recorder requires no special training for operators. Offers high-speed automatic feeding and simplified hand feeding. Visual, audible and automatic controls prevent errors, speed production.



## Where in the world do your customers transact business?

Let's say you have a customer with a rush order from Calcutta for machine parts.

Where can you get information *fast*?

From the Foreign Banking Department of The First National. You'll find our officers glad to share their experience in remittance of funds, commercial and travelers letters of credit, foreign collections, and the purchase and sale of exchange.

Through our world-wide correspondent banks we can supply credit ratings of foreign businesses. We'll also furnish the latest information on restrictions, regulations, and conditions prevailing abroad.

For more than 88 years we have been helping

our correspondents meet customers' problems in overseas trade.

Call or write for further information about our Complete Foreign Banking service. Also ask about our other important correspondent services to help you serve your customers better.

*Complete Clearing and Collection Service • Rapid Router • First National Bank Travelers Checks Loan Participation • Bond Department • Assistance with New Types of Loans • Operational Surveys Wire Transfers • Safekeeping Service • Bank Remodeling and Modernization • Correspondent Conferences • Public Relations and Advertising Credit Information • Assistance in Special Events*

EDWARD E. BROWN, *Chairman of the Board*

JAMES B. FORGAN, *Vice-Chairman*

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HERBERT P. SNYDER, *Vice-President*

# The First National Bank of Chicago

Dearborn, Monroe and Clark Streets • Building with Chicago since 1863

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



## MAIN STREET (Continued)

hand in the ledger the day's business transactions."

He was one of the employees of the bank in 1878, a day when cash was the medium of exchange. The local bank was in actuality the community safe deposit box. For his clerical duties, young HOGELAND earned \$6.25 a week for 70 hours' work.

"We had no wonderful machines and no very thorough accounting systems," he comments. "A mortgage had to be entered by hand in five or six different places in the ledger. Both president and cashier had to sign personally the paper money we issued."

The banker's outside interests have included playing a cello in a 10-piece band, serving as president of the county bankers association, and being for 43 years an elder in his Presbyterian church.

"Some folks say it doesn't amount to much spending all this time in one place," he says. "I don't know. I've enjoyed getting to know people real well like you can in Newtown. And it has been kind of nice to help develop the First National Bank and Trust Company from a little place in one room to something you can be proud of."

### Free Parking; Two Lobbies

CUSTOMERS at the new headquarters office of the TRADE BANK AND TRUST COMPANY in the heart of

Alben Barkley, Vice-president of the United States, breaks the tape to open the new headquarters of Trade Bank and Trust Company, New York



## Today's Embezzler takes a BIGGER BITE!

Almost every day headlines like these drive home the fact that today's embezzlements are not only more frequent but larger. In many recent cases, the shortage has far exceeded the amount of the bond.

With your transactions involving larger amounts, and with increasing inflationary pressures on employees, now is the time to re-examine your Blanket Bond protection and make sure it is in line with today's greater risks.

Our agent in your community will gladly arrange for one of our Bank Specialists to help review your bonding program.

Call our agent — now!

### "Bank Questionnaire Manual"—FREE!

If you'd like a copy of our helpful booklet which makes many practical suggestions about internal controls for both large and small banks — just address Agency & Production Department. Thousands of bankers have written for it.

# AMERICAN SURETY COMPANY

100 Broadway, New York 5, N. Y.

FIDELITY • SURETY • CASUALTY • INLAND MARINE • ACCOUNTANTS LIABILITY  
AVIATION INSURANCE THROUGH UNITED STATES AVIATION UNDERWRITERS, INC.



# ONE account means service to more than 300 communities

With Bank of America as your California correspondent, you can send your items direct to local branches in more than 300 communities.

You need only one account with either the Los Angeles or San Francisco office of Bank of America to take advantage of this time-saving California-wide service.



Bank of America  
Travelers

Cheques are known and honored throughout the world. Sell them to your customers.

**Bank of America**  
NATIONAL TRUST AND SAVINGS ASSOCIATION

MEMBER FEDERAL DEPOSIT  
INSURANCE CORPORATION



W. R. K. Mitchell



B. F. Sawin



Eugene Offerdahl



William Neburka

New York's garment center can park their cars for one hour free in an adjoining garage, courtesy of the bank.

The new building has two lobbies: the ground floor for commercial accounts; the lower lobby for payroll windows, personal loans, savings accounts. There are large expanses of glass, and shadowless lighting is assured through use of louvered fluorescents. Pneumatic tubes speed the flow of mail.

The new bank is only two blocks from its former location at Seventh Avenue and 36th Street, but the moving was still a big job. It required 26 trips to move the safe deposit boxes. Each trip was accompanied by five guards, two of them armed; the route was lined with police. Each trip was insured at \$1,000,000—and was made in the pouring rain.

DIMPLE L. MCMILLION, formerly first assistant cashier of Bank of Widen, West Virginia, has been named cashier. She succeeds her late husband, D. L. MCMILLION, who was cashier for 25 years.

WILLIAM R. K. MITCHELL, formerly president, has been named chairman of the board of Provident Trust Company, Philadelphia. BENJAMIN F. SAWIN has advanced to president. Both promotions become effective July 1.

At Michigan Avenue National Bank of Chicago, WILLIAM NEBURKA was elected cashier; EUGENE OFFERDAHL, assistant cashier.

The seventh annual exhibit by the art students of Washington Irving High School, New York, was held recently at THE BANK FOR SAVINGS, New York. Prizes were awarded for the best work in costume design, textile design, painting, sculpture, and ceramics.

LEE COUNTY BANK, Fort Myers, Florida, was host at a dinner for 150 folks who have lived in Lee County for 50 years or more.

At First National Bank of Nevada, Reno, WILLIAM W. HOPPER has been named chairman; EDWARD J. QUESTA is president; EUGENE J.

A group from the Louisville Junior Chamber of Commerce shows real interest at the \$200,000 pile of money in the drive-in facility of the Citizens Fidelity Bank and Trust Company, Louisville, Kentucky. The group spent a day at the bank as part of its Educational Forum Tour program



## TOMORROW'S PORT OF CALL

More and more shipping is entering the Port of Philadelphia because more and more industry is coming into the Delaware Valley. Second port in the nation now, it has the capacity and desire to become number one.

Whatever the banking needs of your client in this area, Central-Penn stands ready to assist you—backed by more than 120 years of association with business and industry.

## CENTRAL-PENN NATIONAL BANK OF PHILADELPHIA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

WE  
HAVE  
NO  
BRANCHES



WE INVITE ACCOUNTS FROM  
BANKS AND CORPORATIONS

THE BANK OF PERSONAL SERVICE

June 1952



William W. Hopper Edward J. Questa

WAIT is executive vice-president. MR. HOPPER had been president for 15 years. MR. QUESTA is a former vice-president who for the past four years was a vice-president and Far Eastern Representative of the Bank of America; MR. WAIT is chairman of the finance committee.

WALLACE M. DAVIS, president, Hibernia National Bank in New Orleans, was elected a director of the Association of Reserve City Bankers.

### "Satisfied" Teller

JOHN H. SCHMIDT, a teller in a Hudson Trust Company branch in Hoboken, New Jersey, refused to accept a \$9,000-a-year lifetime income left him by a friend because he is "quite well satisfied" with the salary from his job.

MR. SCHMIDT was named principal beneficiary of the will of a childhood friend, Miss Rhoda C. Kuhlmann. The will stipulated that a \$300,000 trust fund be established and a minimum of \$9,000 a year in income

The San Marino branch of Southern Commercial & Savings Bank of Pasadena, California, invited Actor Leo Carillo to its opening, since the new bank occupies what was formerly the Carillo ranch. President Arthur O. Garrett shows him the deed to the property. The new branch features drive-in windows and an outside walk-up window



## When you think of OIL . . .



America can be proud of its oil industry! In five postwar years the United States oil industry has invested over 10 billion dollars in new wells, gasoline plants, tank cars and other equipment to add to the nation's tremendous oil production. It produces 6 million barrels of oil every day, more than half of the 11 million-barrel world production. Since oil is essential to the welfare of our Nation, it is reassuring to know that this enterprising industry, in 1950, was discovering a gallon and a half of oil for every gallon used.

Peoples First National's banking history extends back to within four years of the country's first oil well in 1859. The experience gained in serving the industry throughout this period and the contacts acquired are frequently of value to Correspondents—as are our many specialized services. We will welcome the opportunity of discussing them with you.

## PEOPLES FIRST NATIONAL

BANK & TRUST COMPANY

Correspondent Bank Department

P. O. Box 506, Pittsburgh 30, Pa.

Member Bank Wire

Member Federal Deposit Insurance Corporation

## **FAST** COLLECTION FACILITIES

including  
complete  
night  
transit  
operation

### The **NATIONAL CITY BANK** of Cleveland

623 Euclid Avenue  Fourth Federal Reserve District

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

#### **SERVICE**

Maintaining an intimate, personalized correspondent service.

#### **EXPERIENCE**

Officials with years of service in this field, assuring a knowledge of requirements and valuable assistance.

#### **POLICY**

To cooperate with out-of-town banks rather than compete for business which is rightfully theirs.

## *The* **Public National** Bank and Trust Company of New York

Established 1908

Member: New York Clearing House Association  
Federal Deposit Insurance Corporation

from the fund was to go to Mr. SCHMIDT. If return in any year proved less than \$9,000, the difference was to be made up out of the principal.

MR. SCHMIDT said "No." Since he was also named as an executor, attorneys said that a new executor would have to be appointed and together they would decide what is to be done with the money.

GEORGE M. BRAGALINI, assistant vice-president of Manufacturers Trust Company, has been named postmaster of New York City. He is on leave of absence from the bank. He said the only advice he had been given as to how to run the post office was: "You are a businessman. Run the post office as a business."

J. N. TAYLOR has resigned as vice-president of Union National Bank of Laredo, Texas, to become a vice-president of South Texas National Bank of Houston.

JAMES D. ROBINSON, JR., has been named chairman of the board of The First National Bank of Atlanta, Georgia. He was president of The Trust Company of Georgia Associates, which has five banks throughout the state, and chairman of the executive committee of The Trust Company of Georgia, Atlanta.

JOSEPH VALENTI has been elected executive vice-president of Peoples National Bank of Chicago.

FRANCIS P. BURNS has been elected president of Beneficial Savings Fund, Philadelphia, succeeding MARK WILLCOX, retired. His appointment took effect as Beneficial began its centennial year.

CLARK N. BARTON, vice-president and director of the Lion Oil Company, has been elected a director of The First National Bank of El Dorado, Arkansas.

J. D. Robinson



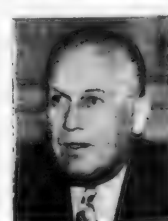
Joseph Valenti



Clark N. Barton



Francis P. Burns



G. M. Bragalini



Richard H. Wells

RICHARD H. WELLS was elected president of the Oil City (Pennsylvania) Trust Company. He succeeds A. E. MACKINTOSH who has been with the bank since 1907, president since 1942, and now is named chairman of the board. MR. WELLS was heretofore executive vice-president of Peoples Union Bank of McKeesport.

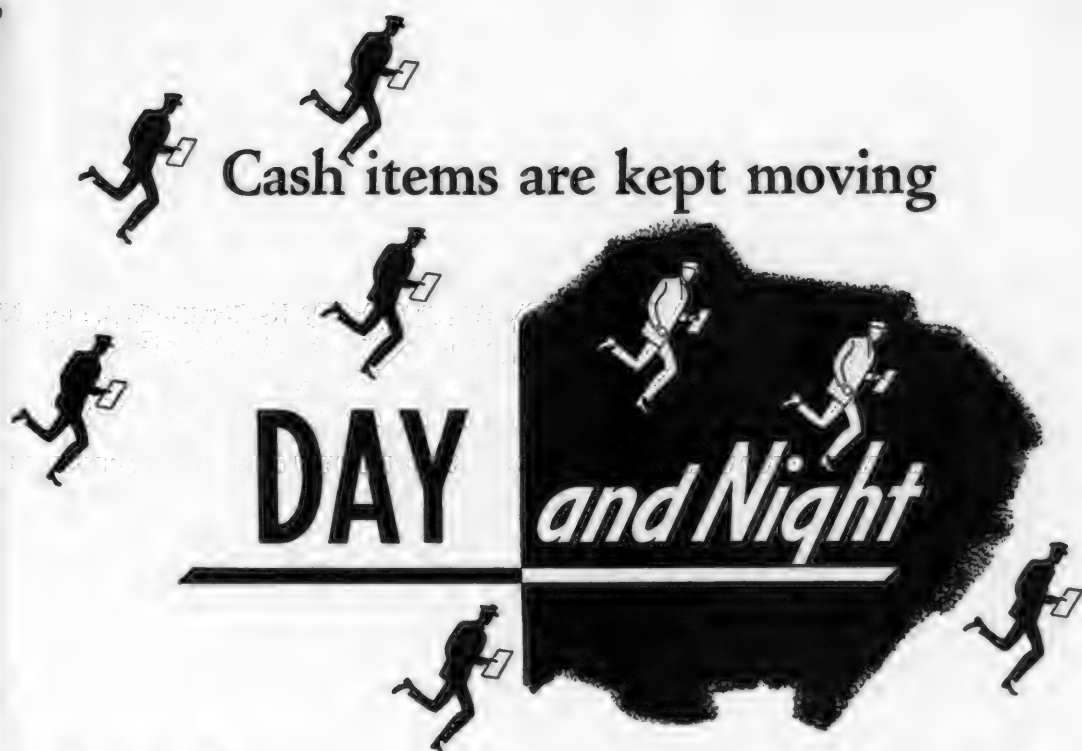
### **Merger Creates Nation's Fourth Largest Bank**

THE Manufacturers Trust Company and the New York Trust Company have announced plans to merge, creating a new bank that would rank as the fourth largest in the country. The new bank is to be known as the NEW YORK MANUFACTURERS TRUST COMPANY. Announcement that the merger had been "agreed to in principle" was made jointly by HORACE C. FLANIGAN, president of Manufacturers, and CHARLES J. STEWART, president of New York Trust. The merger becomes effective on approval by the stockholders and the authorization of the New York State Superintendent of Banks.

By the merger terms, Mr. FLANIGAN is to be chairman and chief executive officer. Mr. STEWART is to become president. All employees of both banks are expected to be retained in the new institution.

The New York Trust Company, with five officers, had deposits at the start of this year of \$705,000,000. Manufacturers Trust, with 109 offices, had deposits of \$2,570,000,000.





## at the Continental Illinois National Bank

Cash items are processed day and night on weekdays, Saturdays, Sundays, and holidays as fast as our messengers bring them from the post office. On many items we save a full day of collection time.

Chicago items received during the night are prepared for early clearings at 8 A. M. and for regular clearings at 10:30 A. M., Mondays through Fridays.

Our continuous prompt handling of all items is assurance that out-of-town checks are on their way in the shortest time possible.

## Continental Illinois National Bank and Trust Company of Chicago

LaSalle, Jackson, Clark and Quincy Streets  
LOCK BOX H, CHICAGO 90, ILLINOIS  
Member Federal Deposit Insurance Corporation

# Here's why

***a Gunnison Home is a good Investment***

## **Investigate Gunnison Homes in your area**

- New Perimeter Heating with Mor-Sun Automatic oil or gas furnaces
- Beautiful exteriors
- Less maintenance required
- Fully insulated
- Flush Panel doors
- Fenestra steel windows
- Thermo-Pane window walls
- American Kitchens
- A. O. Smith glass-lined hot water heaters

*And Gunnison Homes are produced by a sound, progressive company with years of experience in home building—the company that pioneered many of the greatest advancements in home prefabrication.*

**THE NEW GUNNISON HOME** is America's finest and most widely-accepted pre-fabricated home.

Here's why:

It's a good-looking, completely modern ranch house. It stands out in any neighborhood. And a Gunnison Home is practical and easy to maintain. It's the kind of home that more and more people are turning to for comfortable, economical living.

Of first importance to you as an investor, however, is the fact that Gunnison Homes are solidly built . . . built to last . . . designed and constructed in a way that insures good re-sale value for years to come. Many Gunnison Homes have withstood hurricanes, floods and other disasters that have severely damaged conventional houses. Modern precision engineering methods and Gunnison's realistic applications of strength-giving materials are responsible for this durability.

Yet, with all of these advantages, Gunnison Homes cost less. They give the home-buyer more comfort, more livability and more satisfaction per dollar invested. That's possible only because Gunnison (like practically all modern manufacturers in other fields) uses waste-reducing, time-saving factory methods.

Gunnison is America's best answer to the great demand for a modern, economical home . . . and it's the best answer to all of your requirements for a sound, practical investment.

**GUNNISON HOMES, INC., NEW ALBANY, INDIANA**



# Gunnison Homes

***"A lot of home—for a little money."***

SUBSIDIARY OF UNITED STATES STEEL CORPORATION

# The OUTLOOK

## and CONDITION OF BUSINESS

W. RANDOLPH BURGESS

*This month the Guest Commentator in this space is W. RANDOLPH BURGESS, chairman of the executive committee, The National City Bank of New York. Dr. Burgess is a former president of the American Bankers Association and is now chairman of its Economic Policy Commission.*

**LOOK BACK** and try to reconstitute the way we felt a year ago. The most notable feature is that the tension is relieved. At that time many were expecting that Russia would attack on the western front, perhaps within a period of a year. That no longer seems probable.

Recently General Gruenther said in public that he does not expect Russia to move on the western front in 1952. General Eisenhower has said the same thing. Whether we are right or not, the public is relieved on that point.

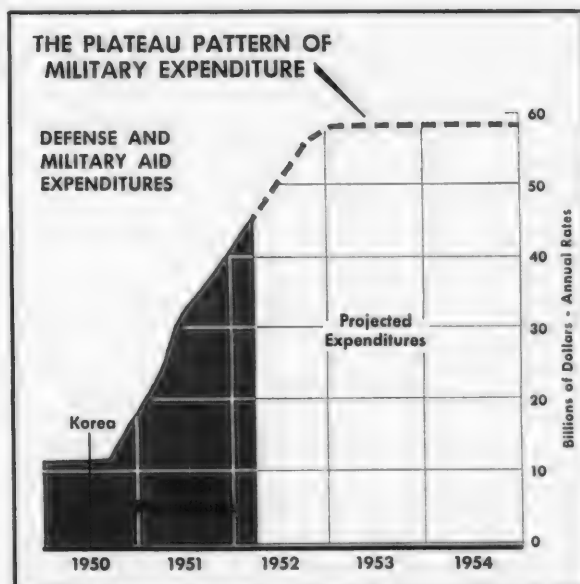
We are relieved, also, on the inflation front. Commodity prices started going down about a year ago. Bank loans, which had gone up during most of 1951, have gone off substantially in recent months, and just in the past few weeks we have been treated to a reduction in the red figure in our bond accounts; the bonds have risen in price. Bond interest rates have gone down.

**A NOTABLE SWING** in this process of relief is that the people of the country have changed their minds about whether they should spend or save. Savings are again accumulating in the banks.

What is the basis of this? Clearly, the most significant item is our change in point of view about Russia. The military have recognized this and have given us an economic reason for a change in point of view, which takes the form of what we call the stretch-out or the rephasing of the military program.

This program, until a few months ago, contemplated a steady and rapid rise to a spending peak of about \$65-billion a year. After a year or two of that, it was to drop down to \$40-billion a year, and that was to go on for some time. The military now describe their operation in an entirely different curve. The peak has been removed and the curve rises to a lesser figure. This has not been precisely defined, but the spending would be something like \$5-billion a month, or an annual rate of \$60-billion. The spending that was to have taken place at the peak has been shoved over, stretched out

(CONTINUED ON PAGE 131)



# Recruiting Bank Employees in a Tight Labor Market



—A BANKING Survey on Attracting the June Graduate

**T**HIS article reports the efforts being made by banks to recruit competent employees, particularly among high school students. BANKING asked bank personnel officers in representative cities how they were attempting to meet conditions in today's extremely tight labor market. Their replies disclosed a wide variety of generally successful methods for attracting these young people—especially the 1952 crop of high school graduates—to full- or part-time work.

## Hartford, Connecticut

One bank here runs a Saturday morning school for 10 consecutive weeks to teach operation of book-keeping machines and proof machines to high school seniors. The students are compensated at the rate of 75-cents an hour. This year, the enrolment in these classes had to be increased by 50 percent.

This bank also maintains constant contact in person or by telephone or mail with high school principals, guidance directors, school department heads, and social science and commercial course teachers. It fills school requests for the A.B.A. Advertising Department's booklet on *Opportunities in Banking* and the A.B.A. Public Relations Council's publication *Money and Banking in Our Everyday Living*. It runs bank tours for teachers and students and is represented in classroom instruction, at student assemblies, and career day programs.

It cooperates with the high school system in a school-work program in which selected commercial course students are placed in bank posi-

tions on a part-time basis for a six-week period. These students are dismissed from late classes; work four hours a day at minimum pay; are under school supervision; and their progress is reported by the bank to the school authorities. Eighty percent of the students enrolled in this program in previous years have accepted permanent employment by the bank after graduation.

## New York

A number of banks here actively recruit the high school graduating classes. Others have extensive part-time arrangements for high school students, and report varying de-

"I feel a sentimental attachment toward that particular button—it does the job I did when I first came here"



grees of success both in utilizing these part-time workers on actual jobs and in keeping them on as permanent employees after graduation. One large bank arranges for talks to high school students, motion picture films on banking as a career, inserts advertisements in school newspapers prior to graduation, inserts "blind" advertisements in the city newspapers around the same time, and sends various types of literature for distribution to students or placement on bulletin boards.

## Newark, New Jersey

The reporting bank here has an outside representative who works with the guidance directors of the high schools throughout a radius of 30 miles. It employs high school students on a part-time basis with the thought of making them permanent upon graduation. Guidance directors, teachers, and students are invited to take tours of the bank. Draft eligibility of young men is purely incidental, and if any such fellows are otherwise acceptable for employment they are hired immediately.

## Richmond, Virginia

Here, also, students are accepted on a part-time basis in the hope that they'll want full-time employment when school is over. Bank tours are arranged, and officers talk with members of the senior high school classes about employment. Special posters announcing job openings are sent to all high schools within commuting distance. There's a shortage of male prospects here because either high school or college graduates often prefer to go immediately into



This is quite frankly an "idea piece." It is full of methods used with varying degrees of success in many parts of the country and in banks of various sizes. Perhaps some of the ideas are adaptable to your own bank.

service so as to get it behind them before starting to work.

### Cleveland

One bank indicates that it sent a member of the personnel department to practically every high school in the metropolitan area. "From a banking standpoint," this bank reports, "the stories our representative brought back were mainly discouraging. School guidance people indicate that many of their graduates are not going through the placement office in seeking jobs. Friends and relatives are recruiting for their own employers. Too, many more are now going to college, while the bulk of the remainder seems to be interested only in starting salary. This leaves a very small percentage of those who place working conditions, location, associates, etc., above salary."

The bank has, however, expanded its program of employing high school students on a part-time basis "with the hope of getting them on a permanent basis after graduation." Several school groups have made tours of the bank. The bank is now trying something new—keeping its personnel department open on Saturdays for interviews with high school students. "We also used a popular disc jockey, whose listening audience is mainly the teen-agers, to mention that we would be glad to see some

of them on that Saturday. We were very pleased by the response." Payroll enclosures ask employees to refer applicants to the bank. A brochure, *Twenty reasons why you'll enjoy your work with us*, is sent to many of the local high schools. Although it was not prepared specifically for the high school graduate, it has been found to be successful. "As for high school boys—I don't ask, what are they? Frankly we see so few of them that when one comes in it's a rarity."

### Detroit

One bank reports difficulty in securing part-time (contingent) tellers and also people to be trained as bookkeepers. In order to alleviate this situation, "we are contacting the married women who have left us to raise families, with the thought that some may now be interested in either part-time or full-time employment."

The high school student market is reported as much better. "We have at present 85 people on our part-time rolls who will be graduating in June. These people have been hired over the past two years and trained as proof operators, adding machine operators, typists, etc. We find this program of training high school seniors, or even juniors, to be very valuable especially their using the summer and on Saturdays."

The bank also hires potential bookkeeper trainees for part-time afternoon work running adding machines, filing checks, etc. These are hired with the understanding that they'll be employed full-time after their graduation and will enter the bank's training program for bookkeepers. This bank doesn't get many male high school graduates who can make more money in industrial plants while waiting for Uncle Sam's call.

### Chicago

One of the big banks here has large numbers of students coming on a part-time basis from April 1 until graduation when they automatically are placed on the full-time payroll. The training division supervisor makes calls at all high schools there-

abouts, starting about the middle of February. Contacts are made with placement counselors regarding prospects. Talks are given in some instances to student groups and graduating classes. This program is repeated about October 1 for the February graduates.

"The draft has been, in the past, quite a factor in the hiring of the young boys," this bank reports; "however, we haven't been seeing too many boys, and it has created no problem along these lines."

### St. Louis

Here, too, "our experience has been that very few boys who are graduating from high school have shown any interest in entering the banking field. Boys, apparently, are simply marking time until called for military service. We are visiting schools in St. Louis and the surrounding area to talk with the commercial teachers and also to be present for any so-called career days."

The bank passes out to the students a brochure describing bank employment, together with a card designed to introduce the student to the bank interviewers. This bank also participates in a work-school program. The number of schools sponsoring such a program is limited, but "we are pleased with the success we have had with the plan."

(CONTINUED ON NEXT PAGE)

## THE PROBLEMS SURVEYED

Manpower market conditions across the country.

The problem of draft-age young men.

Contacts with high schools: Faculty members, job counselors, students in classrooms, students in bank visits.

Impersonal contacts—movies, literature, school course materials.

Part-time and temporary employment.

Advertising.

## SUCCESSFUL APPROACHES

Paid attendance at Saturday instruction in operating bank machines.

Radio advertising via disc jockey with large teen-age following.

Part-time work—after school—as part of school program.

Keeping personnel office open on Saturdays.

Summer employment of teachers to acquaint them with bank work.

Furnishing bank literature to schools; and advertising in school publications.

## Los Angeles

Banks in this city are using various methods to attract high school girls. "Most banks will soon place advertisements in local papers and in high school publications beamed especially to high school graduates. Our bank alone will spend several thousand dollars in May and June for this purpose.

"Several of the banks will have men and women recruiting in the high schools as graduation approaches, making firm job offers on the ground whenever they find likely candidates. . . . Our bank will ask present employees to attract their friends from the graduating classes, if they seek permanent employment.

"One of the best things we do in Los Angeles is to hold an annual banquet (dry, but otherwise luxurious) at pro-rated bank expense, for high school teachers, principals, and board of education members, at which we tell them of the advantages of working in banks, quote actual salaries paid today, and do everything possible to break down teacher apathy toward banks.

"During each summer vacation, Los Angeles banks employ high school teacher-counselors for a week period to work in the banks with regular employees so they may have first-hand experience to pass on to their students. While with us we try to do a good sales job. We think it is paying off."

Part-time work hasn't turned out very well in this area as only a few of the part-timers remain after graduation.

"The 5-day week, adopted by so many California banks last July, solved one situation very nicely, and if things do not get worse, our personnel men can survive another year or two. . . .

"We are not seriously concerned over further calls from the military. Banks have already taken their loss in this respect with about 10 percent of their males previously called as reservists. They are beginning to return, and at a higher rate than others are being called. The number of young men subject to the draft, under present regulations, is negligible."

High school recruits in banks in both Los Angeles and San Francisco are reported as receiving a standard starting salary, the same for both male and female.



## BE AN "EARLY BIRD" ... CATCH THE BEST JOB THIS JUNE!

Don't get lost in the June job-hunting rush, visit The Chase National Bank right away. We have many interesting jobs for young men and women graduates — could be that we have just the right one for you. Starting pay is good, with periodic raises and promotions. Also lots of extras, such as pensions, free group insurance, medical and hospitalization plans, educational benefits, etc. You'll work a 5-day week, with friendly people, under ideal conditions and participate in our wonderful social, athletic, and recreational programs. Drop in at The Chase National Bank, Personnel Dept., 3rd Floor, 57 William St., N.Y.C., near all Wall Street subway stations, any weekday between 9 and 4. You'll be glad you did!

The Chase National Bank, New York, uses ads such as this one in high school publications around graduation time

## THE LABOR MARKET

THIS same group of personnel officers commented also in BANKING'S survey on the state of the labor market in their own particular areas. Let's run through the same list of cities once more, and see how things shape up:

### Hartford

This city was labeled the second most critical area of labor shortage in the United States by the Bureau of Labor Statistics. Clerical employees are in short supply and it is "extremely difficult to obtain typists, and almost impossible to hire stenographers."

### New York

The labor market is tight and competition for June high school graduates is keen among banks, insurance companies, and other large white collar businesses. Various government agencies, the Federal Government in particular, are also in the market with salary figures larger than offered by banks for inexperienced personnel.

### Newark

A "very tight" labor market is reported for this area.

### Richmond

The labor market is called "extremely tight" for this city (and also for Baltimore, Maryland, and Charlotte, North Carolina). The average young man about to graduate from college has had 8 to 10 offers from concerns other than banks. "Practically all of the com-

mercial banks are having the greatest trouble securing new employees."

### Cleveland

"The general condition of the labor market in this area is very tight. All employers are competing very strongly for the coming June graduate." Friends and relatives are recruiting for their own employers (a situation mentioned in other areas, too) and graduates with stenographic ability are receiving salary offers that "are unreasonable compared to other beginning jobs."

### Detroit

The general labor market here is "very tight, especially for clerical personnel," but the high school student market is described as "much better."

### Chicago

Some banks here have had for a long time a policy of hiring high school or college graduates, starting them at the bottom "and keeping our promotional lines open to them." Having students come in for part-time work after school seems to help in assuring a pretty good crop of June graduates, particularly since each student selects his own working time and number of days to be worked.

### St. Louis

"There is no shortage of high school graduates for general clerical work. However, indications are that graduates with training in typing and stenography will be in short supply insofar as banks are concerned."

### Los Angeles

Adoption of the 5-day week has helped many California banks in securing competent help. While most of the high school graduate help will be feminine, the monthly turnover has been less than might be expected for this group.

*The School of Experience has no graduates, no degrees, and no survivors.*

*Time is what passes between pay days.*

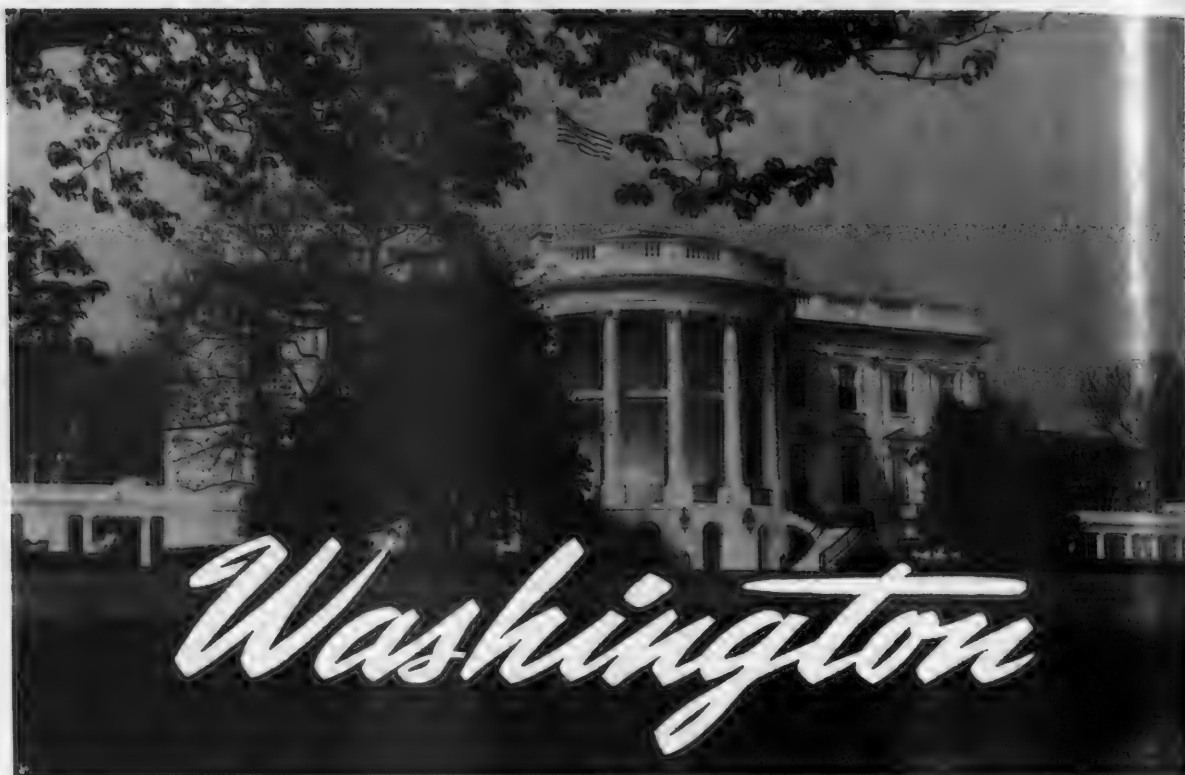
*Convictions are what you have when you know what the boss thinks.*

# VACATION FANTASY — PRESENT BUT NOT ACCOUNTABLE.....

by GRAHAM HUNTER







The President's family has moved back into the reconstructed White House

HARRIS & EWING

## *End of VCR—Bank Holding Companies—Treasury Financing*

LAWRENCE STAFFORD

**I**N rapid succession the Federal Reserve Board took two steps which gave a responsible governmental agency's first signal that the immediate outlook, "on balance," was not inflationary.

On May 5 the Board concurred unanimously with the recommendation of the National Voluntary Credit Restraint Committee "that the screening of applications for financing, in accordance with the principles established by the Voluntary Credit Restraint Program, be suspended in the light of current circumstances."

On May 7, the Board announced the immediate suspension of Regulation W which prescribed minimum downpayments and maximum terms of consumer instalment loans.

Subsequently Gov. Oliver S. Powell, National VCR Committee chairman, explained to the Tennessee Bankers Association at its 62nd

annual convention the thinking that led to these developments.

"The economic picture has been clearing up very rapidly in recent weeks, so fast, in fact, that it has outrun the statistics," he said. "Most statistical measurements are 30 to 60 days old by the time they become available and field reports from competent observers for some time have been indicating a lessening need for the Voluntary Credit Restraint Program.

"Finally, last week, as a result of these field reports and the latest statistics on the business situation, the Federal Reserve Board called the National Voluntary Credit Restraint Committee in for consultation. The members of the National Committee all expressed their views. These statements were reinforced by a brief roundup of opinions of regional committee chairmen. There was near unanimity of opinion that the Volun-

tary Credit Restraint Program should be suspended at this time.

"The Federal Reserve Board unanimously approved this recommendation, and the Board announced the suspension of the Program."

The Governor described the outlook in detail with respect to inflation. "Looking back on the evidence as to business trends in recent weeks, one is impressed by the balance of great natural forces which are working against inflation as well as toward it at the present time," he said.

Working against inflation, he listed some of the large increases in production capacity of the last several years, the accumulation of savings by the American public, and the leveling off and then decline in business inventories.

"In contrast it should not be overlooked that there continue to be forces favoring further inflation,"



Gov. Powell continued. He noted that the defense build-up probably will continue for many months, and that the boosting of industrial production capacity continues. "Furthermore, one should not overlook the possibility of wage increases large enough to force increases in certain commodity prices," he added.

"Thus, we have two sets of forces at work, one providing a cushion against inflation and the other working towards higher prices. On balance this nation appears to have reached a temporary state of equilibrium. . . .

"After marshaling these facts it was the joint view of the National Voluntary Credit Restraint Committee and the Federal Reserve Board that banks and other lending institutions need not adhere to special measurements as to the essentiality of credit at the present time, but that lenders should use their own good judgment as to the desirability of business credit."

#### **Reserve Board Exercises Independent Judgment**

BECAUSE of earlier, widely printed reports indicating a contrary motivation, it is noted that the Board in these two steps exercised an independent judgment reached after an independent appraisal of the economic outlook. In other words, there were taken into account no such extraneous considerations as were reported some days before the action, to the effect that the Board had made up its mind to suspend Regulation W but was refraining from doing so for fear this would weaken the Board's case for having the regulation continued by Congress on a standby basis.

It was the Board's desire that Congress continue FRB authority to make use in the future of both Regulation W, if need be, and the Voluntary Credit Restraint Program.

"The Board has recommended to Congress that authority for the regulation of consumer credit be continued after June 30 so that it could be reinstated should subsequent development necessitate such action," it was stated.

#### **A.B.A. Favors Standby VCR**

It is emphasized that the screening of loans and investments was sus-

pending, not terminated. The distinction means, it was explained, that if a future inflationary trend develops and Congress had meanwhile continued authority for such voluntary agreements, then VCR can be reinstituted promptly.

Under the suspension procedure the reinstatement of VCR can be achieved without the delays occasioned originally in getting the program into gear. It was not until March 9, 1951, that the Board got from the Attorney General the formal legal clearance for VCR. Then members of the national and regional VCR committee had to be recruited. Finally, the national committee developed its several bulletins of principles to guide the operation of the program.

Members of all the VCR committees are specifically requested to continue as members against the possibility of their remobilization.

C. Francis Cocke, president of the American Bankers Association, and president of the First National Exchange Bank of Roanoke, Roanoke, Virginia, praised the VCR in an address to the Delaware Bankers Association.

"I believe that the record of the Voluntary Credit Restraint Program is a real tribute to the usefulness and flexibility of the program," Mr. Cocke stated. "We are in a period

when the greatest degree of credit flexibility must be maintained. The unsettled international situation makes it imperative to guard against the risk that another war scare might set the forces of monetary and price inflation in motion once more. The framework of the Voluntary Credit Restraint Program is a good insurance policy against the risk of mandatory controls of the type that are distasteful to the people, as well as to the bankers themselves.

"It is my opinion that we cannot risk a revival of speculative uses of private bank credit for excessive inventories and unessential purposes at a time when the Treasury may be forced to come into the market for new money. That is the situation we would face if another international crisis should precipitate scare buying once again. For that reason, we should regard the retention of the framework of the Voluntary Credit Restraint Program as an insurance policy."

#### **Banks May Use Normal Credit Standards**

WITH the suspension of VCR, banks are not obligated morally or otherwise to use any of the standards for determining the granting or withholding of credit they were imported to follow under VCR.

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### *An Insurance Policy*

WITH reference to the Federal Reserve Board's decision to suspend the VCR program but to retain its framework "on a standby basis," C. Francis Cocke, president of the American Bankers Association, said lenders "should be ready to resume the screening procedure if the situation should again require a concerted program of restraint."

"There is reason to believe that the period ahead will be a critical one," Mr. Cocke told the Delaware Bankers Association. "I do not mean to be an alarmist, but it is my feeling that it is a good idea to have an insurance policy when inflammables are stored in the barn. We all know that the Treasury faces a real problem in the financing of the debt. Present indications are that, barring a complete disruption of spending plans, we shall enter a period of deficit financing for the balance of the year. I do not suggest for a moment that deficit financing should be condoned; but as long as the Congress will not avoid a deficit, the problem will be faced."

In Mr. Cocke's opinion, "we cannot risk a revival of speculative uses of private bank credit for excessive inventories and unessential purposes at a time when the Treasury may be forced to come into the market for new money. That is the situation we would face if another international crisis should precipitate scare buying again. For that reason, we should retain the framework of the Voluntary Credit Restraint Program as an insurance policy. It is the only kind of program that can handle a situation such as the defense build-up wherein credit must be extended to some industries and discouraged for others. The only alternative would be undemocratic credit rationing—a method that would be distasteful to our American way of thinking."

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# Are U. S. Investments Wanted Abroad?

HERBERT BRATTER

**D**URING a recent discussion of the tourist attractions of Spain an official of that country remarked to me: "We really don't want too many American tourists in Spain. For you our prices are very cheap, but not for us in our money. A suit made to order in Madrid may seem a great bargain to you at a price of \$40 worth of pesetas. But to us \$40 worth of pesetas is a lot of money. Last time I was home my tailor didn't seem to care whether I ordered a suit from him or not. He informed me that he was doing all right selling to American tourists who don't even discuss the price. We need the tourists' dollars all right, but we don't like to see them raise our cost of living."

**F**OREIGN investing is another way we can supply purchasing power to a dollar-hungry world. But American investment abroad is deterred in numerous ways. A variety of committees of prominent citizens has been preaching ever since VJ-Day the theme that we must invest abroad, not only to help the underdeveloped lands but "in our own interest." They may be overdoing the story. Reiteration of that theme tends to dampen self-help abroad on the theory that, if the Americans need to invest abroad to keep their own economy fully employed, why should the prospective recipients bestir themselves?

**N**OT everyone abroad welcomes foreign investments of the businessman's sort. Pending right now are several instances where American capital, wishing to take the risks of equity investment in Latin America, has been warned away. Local industry doesn't welcome the competition which American efficiency would give.

**N**ow the World Bank has issued a report approving the idea that some sort of International Finance Corporation (IFC) be created by the Bank's member governments as an affiliate of the World Bank to engage in equity investment in underdeveloped countries. Since fear

of nationalization and expropriation, barriers to remittance of profits, restrictions by foreign governments on management and the like have greatly narrowed the attractions for American equity investment abroad, and with the flow of dollars into such employment virtually but a trickle compared with the ambitions of economic development plans, the idea is to tap the taxpayers again. Let them go in where financial angels fear to tread. Says the World Bank of this scheme: "Contribution of capital by governments thus appears to be the only practical avenue of approach." Proponents of the IFC would equip it with \$400,000,000 of Government capital for equity ventures in textile mills, chemical plants, canneries, cement plants and the like, in partnership with the timid capitalists of Wall Street and Main Street.

**T**HE IFC—unlike the World Bank—would not make loans bearing the guaranty of the government of the borrowing country. It would make unguaranteed loans and equity investments, with prospective returns considerably higher than on World Bank loans, for the IFC could not escape losses. Enterprises which it helped finance would have no privileged status as compared with other international direct investments. But the fact that the IFC would be an international institution, the World Bank holds, would lessen many underdeveloped countries' fears of foreign capital; and it would at the same time reassure private equity capital by sharing the risks. Also, it is contended, participation by the IFC should give some assurance against arbitrary and unfriendly treatment, although admittedly it could not alter basic economic conditions which bring about transfer embargos.

**T**HIS plan to marry private and public risk-taking could lead to some pretty vehement argument were it to come before the Congress for approval today. Under different circumstances, such as a severe business depression in prospect, anything would be possible.

In other words, banks may resume the use of normal credit standards. Loans of a type which the VCR would have frowned upon are now acceptable. Thus a bank may lend to assist A to buy B's business, to expand what was formerly called "nonessential business," or to permit a retail merchant of soft goods to improve his store premises, all types of loans discouraged under VCR.

## Reach Toward Agreement on Bank Holding Company Bill

**O**NE development of recent weeks was an approach among supervisory agencies toward an agreement on the principles of a bill strengthening regulation of bank holding companies.

In a long memorandum to the House Banking and Currency Committee, the Federal Reserve Board outlined the problem of such regulation in detail and set forth its recommendation on legislation. Occasion for the memorandum was the request of Chairman Brent Spence (D., Ky.) for a reaction toward his proposed bank holding company bill.

Observers who studied the Board's memorandum interpreted it as tending to favor the "second Robertson Bill," or the second bank holding company bill introduced by Senator A. Willis Robertson (D., Va.), that offered to the Senate May 5, 1950. This is the so-called "more limited" or "simpler" legislative approach toward the problem of regulating bank holding companies.

Senator Robertson is chairman of the Federal Reserve subcommittee of the Senate Banking Committee, with jurisdiction on this subject. His subcommittee held hearings two years ago on this subject, ending in the preparation and introduction of the second Robertson Bill. The Senator at the conclusion of the hearing reported the Federal Reserve in disagreement with the terms of the bill but indicated that other supervisory agencies were in general agreement therewith.

The Board's current memorandum suggests that the Board as now constituted looks favorably upon the second Robertson Bill except for one feature: The Board proposes that some single agency to be selected by Congress administer the provisions, rather than that the administration (CONTINUED ON PAGE 104)

# Defense Area Certification— What It Means

MILES L. COLEAN

*Besides being a widely known writer on housing problems and a frequent contributor to BANKING, Mr. COLEAN is building adviser to House Beautiful and a consultant to the Twentieth Century Fund.*

**I**N cities where increased business activity and a stepped-up demand for houses have resulted from defense contracts and military or atomic energy installations, community leaders face the question: "Should we seek to have our city declared a critical defense housing area?"

Supposedly, a considerable advantage follows such a certification: a relaxation of restrictions on mortgage loans for new construction; the availability of special FHA Title IX financing—something like the Title VI system of World War II; greater assurance of obtaining building materials; and aid for needed community facilities. The answer to the question depends upon a careful evaluation of the assumed benefits.

## How Far Does Credit Relaxation Go?

When a community is certified as a critical defense housing area, the credit restrictions are not relaxed for the area as a whole. The relaxation applies to only a limited number of dwelling units "programmed" by the Housing and Home Finance Agency. These units are stipulated as to the number to be built for sale at a fixed range of prices and the number to be built for rent at a fixed range of rentals. All such units must be held for a fixed period of time for sale or rent to workers in designated industries or to military personnel. Except in extremely small places, the programmed units constitute a

small part of the residential building likely to be built in the area during a year's period. Title IX financing is available only for the programmed housing.

All financing other than that for the programmed housing remains subject to mortgage credit restrictions and to normal methods of financing. Because of the special favors given the programmed housing as compared with normal building, sale and rental of the latter may be made more difficult. In other words, the total volume of building in the community might be unhappily affected by a relatively small amount of specialized housing.

Another angle is the difficulty that has attended the secondary market sales of mortgages labeled "defense housing." The very name, in certain quarters not always too well informed, raises the specter of insta-

"Frankly, folks, it isn't much of a house, but it will be invaluable in teaching you little things to watch for the next time you buy!"



bility, so that, without resort to FNMA, permanent financing for mortgages in many of the certified areas has been scarce. FNMA's funds are all earmarked, and the question as to any additional authorization is an open one; however, a new housing bill has been introduced in Congress which would provide additional FNMA funds for mortgage purchases in defense areas.

Finally, whatever advantage might have seemed to attend a relaxation of the credit controls a year ago is of less importance today. The change in the regulations forced by Congress late last summer did much to reduce the possible differential between credit terms for defense housing and for other housing. Now the prospect of a further general relaxation of the mortgage credit controls is in prospect. When this occurs, the advantage supposedly held by defense housing will be eliminated except for the availability of Title IX, which so far has proved no great boon in itself.

## What About Aid in Obtaining Materials?

Construction in critical defense housing areas is subject to the same regulations for obtaining materials as is construction in all other areas. In other words, the builder of single-family houses under a defense housing program uses the same self-authorization system that is available to builders generally. The builder of multifamily housing must obtain a specific allocation exactly in the same manner as do builders of apartments in other areas.

It is undoubtedly true that a builder of a defense rental housing

(CONTINUED ON PAGE 124)

# METHODS and IDEAS

Operations . . . Costs . . . Auditing . . . Security . . . Promotion . . .

## Public Relations

At the 17th Eastern Regional Conference of the National Association of Bank Auditors and Comptrollers, held recently at Buffalo, the program, naturally, contained large chunks of material on audit and control, loss prevention, systems and cost analysis—substantial bread-and-butter items of everyday banking. A review of a few of the ideas developed at panel and other discussions follows.

### 18 Basic Controls

HERE are 18 basic controls which banks can institute to discourage the abstraction of funds. They are suggested by Harry E. Mertz, secretary to NABAC's technical commissions, who spoke at the Buffalo conference.

(1) *Rotation of employees.*

(2) *Segregation of duties.* The paramount rule is to keep employees who handle cash from posting the ledgers.

(3) *Full, uninterrupted vacations.* Bookkeepers should take their vacations over the end-of-the-month or statement period, savings tellers during the interest period.

(4) *Eliminate the "kitty."* Differences should be cleared daily. Maintain a daily "over-and-short" record for each teller.

(5) *Keep a close check on employees.* Outside habits, sudden splurging, too many loans or overdrafts, and living beyond means may be the tip-off that an employee is using the bank's funds.

(6) *Use better selection methods in hiring employees.* Don't be too anxious to hire a person without following all the necessary, paramount rules of good personnel.

(7) *Adequate salaries.* Low salaries create temptation for the weak-willed employee.

(8) *Dual control of cash, securities, collateral, etc.*

(9) *Each teller should have his own cash compartment, accessible to him only.* He should also be able to lock his cash during his lunch period.

(10) *Cash items should be handled by one teller only.* They should be approved by two individuals, including one officer, and should be checked daily.

(11) *Mail commercial account statements periodically.*

(12) *Watch deposit tickets for withholding or delayed credit.*

(13) *Cancel and file paid checks immediately.*

(14) *Have correspondent accounts reconciled by some one other than the teller issuing drafts and those authorized to sign.*

(15) *Proceeds of loans should be by official check or credit to account.*

(16) *Never permit the acceptance of signed blank notes.*

(17) *Segregate dormant accounts.*

(18) *Lock the bank's records.* Many defalcations reveal that the fraudulent acts were perpetrated at night or on holidays.

"It is realized," says Mr. Mertz, "that these basic controls do not constitute a complete fraud prevention program. However, as interest in good auditing is created, the program can be expanded to fit the needs of the individual institution."

"We cannot control the desire to steal, but we can go a long way toward controlling temptation and

This department is edited by  
JOHN L. COOLEY of BANKING's staff.

opportunity. Thus the potential embezzler will realize that once he makes the first misstep he will be unable to conceal it."

### Operational Safeguards

THE 188 percent rise in bank defalcations reported by the FBI since the end of World War II should serve as a storm warning to all bankers and directors, said R. Ernest Lightbown, assistant auditor of the Mellon National Bank and Trust Company, Pittsburgh. Particularly vulnerable are the thousands of small banks which think they cannot afford to employ a full-time auditor.

Mr. Lightbown pointed out that in the daily operations of all banks, certain operational safeguards might be installed which serve as a cross check of the work of other employees, for the best procedure is to see that no one transaction is handled or completed by the same officer or employee. Here are some of this Pittsburgh banker's suggestions:

*There should be separate tellers' cash settlements.* Each teller should have sole access to his own cash at all times, both in the cage and the vault.

It is recommended that *dual control*, by properly authorized persons, be maintained on:

*All loan collateral*

*Reserve of vault cash*

*Bank's own securities, both in the vault and those held by its correspondent*

*Unused official bank checks and drafts*

*Bank's own stock certificates*

*Keys to unrented safe deposit boxes.*

Bankers have often taken safe de-





petition, and a cost survey of your bank indicates that the charges are inadequate to cover costs, then it would appear that the bank is a high cost producer and faces a reduction of expenses and/or net operating income.

If you don't know the costs of your services, what real basis of argument do you have when you appeal for relief to the governmental authorities?

Conversely, you may not obtain relief even though you know your costs. It may then be argued: Why know your costs if they demonstrate you are losing money and yet you are restrained from recapturing such losses?

Mr. Williams had two answers to this argument. First, it is hoped that price ceilings will be a temporary expedient in combating inflation. Moreover, knowing your costs will demonstrate operating inefficiencies and be a great aid in determining managerial policies.

**Average Income Rate on Loanable Funds.** How many banks know their average income rate? Many have used the same rate for years in establishing an income credit for analyzing checking accounts. Many use the rate "along the street," for competitive purposes. It takes a lot of courage for any bank to be a pioneer and change its income rate every year, if the facts so indicate, and use that rate as a basis for analysis purposes. If a bank uses an income rate for competitive reasons which is higher than its real income rate, it is quite obvious that a considerable sum can be lost.

### Audit of Personnel

**P**ERHAPS "observation of personnel" would be a better label for the ideas advanced by Norman T. Shepherd, vice-president and comptroller of the Haverhill (Massachusetts) National Bank.

Mr. Shepherd suggested to the conference that the auditor, especially in a bank with no personnel officer, should give more attention to the staff. After all, people are the bank's most important, most costly, asset. Auditors are concerned with systems, controls, safeguards and machines—why not also the humans who direct and operate them?

The auditor, as he moves around

(CONTINUED ON PAGE 96)

## For Greater Security

*As a means of increasing security, the National Shawmut Bank of Boston recently devised the form, printed below, for use of its branches. The sheet was explained by Auditor GEORGE D. GRIMM at the auditors and comptrollers conference.*

### SECURITY CHECK SHEET

Date	Branch	Check
The Manager or Assistant Manager opening the vault shall be known as the Security Officer for the day. He shall be responsible for executing the basic provisions outlined herein, and for forwarding this sheet to Branch Supervisor's office by the first messenger on the next business day. No person may sign as Security Officer for more than two consecutive weeks.		
1. On way to building observe any unusual situation in connection with automobiles or individuals in vicinity of bank.		.....
2. Observe doors and windows for evidence of tampering.		.....
3. First person to enter was.....at .....		
All Clear signal set. (Must vary each week)		.....
4. Inspect premises before opening vault.		
Conference rooms.... Closets.... Coupon Rooms.... Cages....		
Back Door.... Windows.... Boiler Room.... Supply Room....		
Basement.... Entrances to attic or building....		
5. Any damage to building or property? If yes, give details on back.	Yes..... No.....	
6. Vault opened by.....at.....		
7. Supervise removal of Tellers' Cash.		
Vault dept. gate kept locked..... Tellers area door kept locked.....		
Total Cash Balance A.M.	\$.....	
Approximate amount left in Main Vault	\$.....	
Cash locked in teller's cage vault chest.	\$.....	
8. Night Depository opened by.....at.....		
9. At least once a day check tellers' cages.		
Doors and wickets locked.....Checked at.....		
Excess cash removed to vault at.....		
10. On reverse side list names of customers admitted after bank doors are closed.		
11. After all customers are out examine premises to be sure no one is hiding.		
Conference rooms.... Closets.... Coupon Rooms.... Cages....		
Back Door.... Windows.... Boiler Room.... Supply Room.... Basement....		
12. Tellers' cash put in vault.		
Securities and other valuables put away.		
Tellers' cages checked by..... Give details on back re: any cash found.		
Safe Deposit contracts in vault.		
13. Clocks wound.....hours by.....at.....		
Clocks checked.		
Vault checked by.....at.....		
14. Night Depository closed by.....at.....		
15. Windows checked..... Heating and ventilating equipment secured for night.		
Back door locked.... Front door locked.... Gates locked....		
16. On reverse side list Registration numbers of all unauthorized cars left in parking lot.		
I hereby certify that I have attended personally to each of the above items, with the exception of any item initialed by another person who acted under my direction.		
		..... Security Officer

# The ABC of Estate Taxes

DON F. GRESSER

*The author, a certified public accountant, is a partner in the firm of Garrison & Gresser, accountants and auditors of Topeka, Kansas. He is a member of the Kansas Society of Certified Accountants and of the American Institute of Accountants. He has recently written in BANKING on "The Revenue Act of 1951."*

**A** GENERAL knowledge of our Federal estate tax law is becoming a necessity for small banks as well as for larger institutions. A bank officer often serves in the capacity of executor, administrator, or as an appraiser of property. The long-term trend of increasing rates and lower exemptions, plus the rapidly increasing price level of recent years, require the small bank to face an increasing number of estate tax problems without the advantage of departmentalization and specialization. The subject matter is almost inexhaustible and a comprehensive treatment is quite impracticable. To relate this subject to an article of limited words, I have chosen a few elementary but fundamental matters which I hope will be of interest to the small bank.

## Personal Liability of Executor

The executor must necessarily assume certain personal liability in respect to the administration of a decedent's estate. Section 192 of U. S. Code, Title 31, states:

Every executor, administrator, or assignee or other person, who pays, in whole or in part, any debt due by the person or estate for whom or for which he acts before he satisfies and pays the debts due to the United States from such person or estate, shall become answerable in his own person and estate to the extent of such payments for the debts so due to the United States, or for so much thereof as may remain due and unpaid.

First knowledge of the above-quoted statute is a sobering experience for the executor when he recalls that income tax liability never outlaws where no return is filed or where a fraudulent return is involved years in the past. Fortunately, court decisions have tempered this harsh statute, as expressed recently by the Tax Court (Terranova, T. C. Memo, August 7, 1943), where an executor was held not liable where he had no knowledge of the tax due. In another case (Northwestern Jobbers Credit Bureau, 1 T. C. 863, March 31, 1943), however, where the executor had knowledge of tax due, the court held the executor was not relieved of the personal liability for Federal taxes in a situation where property was taken over by a sheriff under order of a state court. Section 825(a) of the Internal Revenue Code provides a procedure by which an executor can be discharged from his personal liability on the estate tax by requesting an early examination, and Section 275(a), I.R.C., provides a somewhat similar provision in respect to income tax. The discharge by a probate court does not extinguish the executor's personal liability for the income and estate tax liability of the decedent and the estate. The executor must make a diligent study of the estate and income tax liability and should use the privileges available to limit his personal liability.

## General Information as to Returns Required

An income tax return must be filed for the decedent, if his gross income was \$600 or more for the taxable year. While death closes a taxable year, the return is not due until 14½ months following the beginning of the short taxable year. A joint return with a surviving spouse may be filed and, if such elec-

tion is made, the income of the decedent for the short taxable year is included with the income of the surviving spouse for the regular 12 months' period. No further payments need be made on the declaration of the decedent, but the surviving spouse must follow the usual procedure in respect to declaration and payments covering her income. A full year's exemption is granted on the final return of a decedent.

In respect to taxes on the estate proper, it should first be emphasized that the fiduciary is a separate taxpayer. The income of the fiduciary is reported on Form 1041 and should not be included in the decedent's final return or in the return of the surviving spouse. The fiduciary must file an income tax return if its gross income is \$600 or more, and the return is due three and one-half months following the close of its taxable year. Income currently distributed or distributable by an estate is taxable to the beneficiary and deductible by the estate, so that normally the estate has no income tax in its final year when all property is distributed.

As the fiduciary is a new taxpayer, the executor is free to choose any fiscal closing and the closing date is an important election. To illustrate, assume a probate period of 18 months, net income of \$1,000 per month, and no distributions to beneficiaries prior to the closing of probate proceedings. If the first taxable year is closed at the end of a six-month period, the estate pays the tax on \$6,000 (less the \$600 exemption) and the \$12,000 income during the last 12 months is taxable to the beneficiaries. If the first taxable year is closed at the end of nine months, the fiduciary pays the tax on one-half of the income less the exemption, and the beneficiaries report the last half. The fiduciary

## World Bank Alters Financing Method

**A**T this writing the World Bank is planning another bond offering. [A \$50,000,000 issue was offered in mid-May.—Ed.] Having in mind the fact that last September's offering of \$100,000,000 was a disappointment to both investors and borrower, inasmuch as it promptly dropped to a discount of 2½ points, we consulted World Bank President Eugene Black for comment. He expressed the view that the disappointing developments reflect a surprising ignorance among American investors concerning the quality of World Bank bonds as investment media, despite the long and diligent efforts the Bank has made to educate the public. The offering of last September was complicated by the rising trend of long-term money rates.

**REFERRING** to the May 1952 issue. Mr. Black said: "We are still striving to find the most efficient method of marketing, the aim naturally being an operation that best serves investors and creates the least disturbance to outstanding issues. It is our hope and belief that the negotiated sale of the proposed issue to a group of underwriters for their re-offering to the public will eliminate many of the problems that have been encountered in other methods of distribution in the past."

**WORLD BANK** issues are not yet universally accepted as top grade investments. The Bank is constantly striving to broaden the market for them. The bonds, Mr. Black continued, have been qualified for the main categories of investors in the states in which are located the overwhelming share and commercial and savings deposits, life insurance company assets and other large institutional funds. There are, however, still a few states whose laws in this respect the Bank would like to see changed. As it is, World Bank bonds are held by many institutional investors as high-grade bonds, indicating recognition by them of the strong security position of these issues.

Mr. Black elaborated:

"The bonds of the Bank are gen-

eral obligations and as such have behind them the Bank's portfolio of loans, its cash, marketable securities and other assets. To appreciate the importance of the other assets, it is necessary to understand the capitalization of the Bank. Of the total subscribed capital of over \$8.4-billion, only 20 percent is paid-in capital and eligible for use in the Bank's lending operations. The remaining 80 percent cannot be used in lending; it can be called only when needed to meet the Bank's indebtedness. The 80 percent of subscribed capital is therefore in the nature of a guarantee fund and represents the major security behind the Bank's bonds in the amount of approximately \$6.8-billion. Of that the United States' share is \$2,540,000,000."

**MR. BLACK** next answered several questions directed to the United States' liability for World Bank issues.

**Q.** Does that mean that, until the total indebtedness of the Bank grows to over five times its present size, each dollar of the Bank's indebtedness is covered by a dollar of United States liability without considering the liabilities of the other nations?

**A.** That is correct.

**Q.** Is the United States' liability to meet calls from the Bank dependent in any way on the performance of the other members to meet a call or upon the willingness of Congress to appropriate the sum needed by the Bank?

**A.** No. The obligations of members of the Bank to make payment of the calls of the 80 percent are independent of each other and the failure of one or more members to meet a call would not excuse any other member from its obligation to make payment. Under the Bretton Woods Agreements Act, the Secretary of the Treasury is authorized to meet a call on the United States subscription to the Bank out of Treasury borrowings. No appropriation or other congressional action is necessary.

HERBERT BRATTER

exemption of \$600 on its final return is of no value, as this exemption cannot be deducted in computing income distributed. It is apparent that the fiscal closing should be established to gain the maximum use of the \$600 exemption, but a more important point is to equalize income as between fiduciary and beneficiary in order to avoid the higher bracket tax rates. As a new taxpayer, the fiduciary has available the "cash" or "accrual" basis of reporting. The optional deduction is not available to the fiduciary.

The executor must file an estate tax return within 15 months following date of death, in the event the gross estate exceeds \$60,000, and he is also required to file Treasury Department Form 704—Preliminary Notice—within 60 days following date of death or date of his qualification as executor. The returns are filed in the Collector's Office of the district in which the decedent had his domicile.

### Gross Estate and Valuation

The gross estate for Federal estate tax purposes is an entirely different concept than for probate court purposes. Section 811, I.R.C., states: "The value of the gross estate . . . shall be determined by including the value . . . of all property, real or personal, tangible or intangible, wherever situated, except real estate situated outside of the United States. . . ." Property owned in joint tenancy or tenancy by the entireties is included at full value, except to the extent that contributions to cost by the survivor can be proved. Life insurance is included in the gross estate, except in a few isolated instances where ownership and payment of premiums by other than the deceased can be proved. The interest of the probate court in assets is concerned primarily with property passing by will or by state law. The Federal estate tax is concerned with the larger field of the privilege of a decedent to transfer property, and therefore includes many transfers taking effect by reason of death and even transfers made within three years prior to death where the presumption of "contemplation of death" motive cannot be overcome.

The valuation of gross assets is normally as of date of death; the fact that actual transfer is delayed (CONTINUED ON PAGE 117)



## These 8 Banks

# BELIEVE in Advertising

In February BANKING, under the title, "Banks' Advertising Expenditures To Rise 12 Percent over Last Year," some data were given from the annual survey of commercial bank advertising plans, compiled by the Advertising Department of the American Bankers Association.

Below is a breakdown of anticipated expenditures according to size groups, together with an examination of how certain banks in the various groups are spending their advertising appropriations and how they feel about advertising in relation to bank management.

The survey was conducted under the direction of JOHN B. MACK, JR., manager of the A.B.A. Advertising Department, and G. EDWIN HEMING, associate manager.

Copies of the survey can be obtained free of charge by writing to Advertising Department, American Bankers Association, 12 East 36th Street, New York 16, N. Y.

**T**HIS year 2,231 banks gave detailed information about their advertising plans, including expenditures planned for 1952. These budgets were then broken down into deposit groups. The breakdown for banks under \$10,000,000 in size (90 percent of all the banks are in this size group) appears in the table below.

Now one thing is immediately apparent. The range of expenditures within each group is tremendous. For example, in the \$5- to \$6-million group the average is \$2,177, but one bank spends only \$200, one spends \$12,000, and all the rest string out between these figures.

In analyzing the figures some interesting questions keep coming up: Which banks lead their size groups? How do they spend the money? Is advertising paying off for them? What is their basic thinking about advertising in relation to bank management?

So we asked them—these banks that show they really believe in advertising by the amounts they are willing to spend. Here, in brief form, are the highlights of what they told us.

**THE STOCKTON MORRIS PLAN COMPANY**, Stockton, California, with deposits of \$34,256,000, is spending approximately \$10,500 in 1952. E. B. Fuld, president, points out that: "Strictly speaking we are not a bank. Our 35-year-old business is consumer credit, a specialized type of banking, and therein we believe lies the difference in our viewpoint on advertising expenditure."

Mr. Fuld says his institution has a two-fold advertising problem. On the loan side it competes with aggressive lending organizations in the

small-loan field. On the savings side the problem is that people identify the institution with credit and not deposits. Advertising is used to break down this idea.

"Our business has been built with advertising," Mr. Fuld states. "It has been difficult at times to put over the idea with our directors... some of them still feel that we spend too much. But we have results to prove its benefits. Conversely, we discontinued advertising for loans in order to spend more of our budget on thrift; and our loan volume tumbled. Building back the loan volume, now that we are straightened around, isn't so easy!"

**H**ERE is how this institution allocates its advertising budget for 1952:

Agency	\$ 900
Newspaper, display	5,160
Classified advertising	720
Letters	450
Booklets	420
Radio	1,200
Window display	720
Novelties, miscellaneous	960
<b>Total</b>	<b>\$10,530</b>

Mr. Fuld gave a detailed analysis of his thinking on advertising. Modestly he said that much of it was "hit or miss." But, in the opinion of the A.B.A. Advertising Department staff, Mr. Fuld has a keen merchandising and selling sense that is apparent throughout his planning.

**THE GUARDIAN BANK**, Springfield, Ohio, with deposits of \$4,178,000, will spend about \$9,000 in 1952. Here is another bank with a Morris Plan background, offering full commercial bank facilities for the past 10 years.

"With our footings and capital structure," writes Wesley T. Harrison, president, "you can understand how we do not attempt to compete with the larger commercial banks

(CONTINUED ON PAGE 118)

### Advertising Budgets of Smaller Banks

Deposits	Average 1952 Expenditure	Range of Expenditures
Under \$1-million	\$ 445	\$ 25 to \$ 4,500
\$1- to \$2-million	647	50 to 5,000
\$2- to \$3-million	1,117	50 to 12,000
\$3- to \$4-million	1,414	25 to 9,000
\$4- to \$5-million	1,993	150 to 10,000
\$5- to \$6-million	2,177	200 to 12,000
\$6- to \$7-million	3,054	500 to 12,000
\$7- to \$8-million	3,450	250 to 10,000
\$8- to \$9-million	4,192	500 to 15,000
\$9- to \$10-million	4,360	1,500 to 13,500

## South of the Border—A Bright Future

**L**INN HEMINGWAY, former president of the American Bankers Association and chairman of the executive committee of Mercantile Trust Company of Saint Louis, was invited by President Aleman of Mexico to organize a group of business and banking officials to visit Mexico from May 10 to May 19.

Representing the President as host on the tour was Carlos Novoa, director general of the Bank of Mexico. Emphasized throughout were the economic progress of Mexico in recent years and opportunities for the future.

Members of the group included Amos B. Foy, vice-president of Chemical Bank & Trust Company, New York; John L. Collyer, president, B. F. Goodrich Company, Akron, Ohio; M. S. Blois, vice-president, Bank of America, San Francisco, California; Gaylord C. Whipple, manager, foreign department, Quaker Oats Company, Chicago, Illinois; Crowds Baker, treasurer and director, Sears, Roebuck & Company, Chicago, Illinois; William B. Wright (ex-president, U. S. Cattle Raisers Association), Marys River Ranch, Deeth,

Nevada; Donald B. Gillies, vice-president, Republic Steel Corporation, Cleveland, Ohio; Hayden B. Kline, president, Industrial Rayon Company, Cleveland, Ohio; J. Myer Schine, chairman of the board of the executive committee, Schine Enterprises, Boca Raton, Florida; S. W. Royce, president and manager, The Huntington, Pasadena, California; Paul McCrea, executive editor, *Nation's Business* (U. S. Chamber of Commerce), Washington, D. C.; Robin Kersh, executive vice-president, Westinghouse Electric International Corporation, New York, N. Y.; E. Hadley Stuart, Jr., director, Carnation Company, Los Angeles, California; and William R. Kuhns, editor, *BANKING* (American Bankers Association), New York.

Included in the tour were visits to most of the important industries in various sections of the country, such as steel mills, oil fields and refineries, hydraulic electric power plants, sugar refineries and cotton plantations.

Next month's issue of *BANKING* will contain a complete report on the tour.

## Challenge to New Capital

**"I**T is interesting to reflect on the fact that today the great countries on the southern and northern borders of the United States—Mexico and Canada—are two of the most challenging places in the world for the investment of new capital," said C. Francis Cocke, president of the American Bankers Association, when he spoke recently before the 18th annual meeting of the Mexican Bankers Association.

Mr. Cocke is president of The First National Exchange Bank of Roanoke, Virginia.

Mr. Cocke proceeded to draw a picture of Mexico's recent economic progress, its relation to the economy of the United States, and the part that bankers can play in promoting a healthy collaboration between the businesses of the two countries.

Excerpts from his talk follow:

"Mexico can be proud of the tremendous progress she has shown in recent years as a growing and stronger member in the partnership of the free nations of the world. The sharp growth of your population is striking evidence of your progress. When a civilized, advanced country can show a population rise of over 25 percent in one decade, as you did in the decade of 1940 to 1950, there can be no doubt that its economy is dynamic and that the future holds great promise.

"In some respects, you are passing through a period quite similar to the experience of the United States several decades ago. I refer to the efforts and progress you are making in the development of a balanced economy that does not have to rely upon the fortunes of a par-

(CONTINUED ON PAGE 114)



President Cocke (second from left) with (from the left) Carlos Novoa, director general, Bank of Mexico; Ramon Beteta, secretary of the Treasury, and retiring Mexican Bankers Association President Latapi

# The Rise of Our Neighbor's Dollar

C. M. SHORT

THE rise of the Canadian dollar to a premium over the U. S. dollar is viewed in Canada with mixed feelings. There is, of course, a certain amount of pride, even boasting, that the Canadian monetary unit has recently become the strongest in the world. On the other hand, business people who cater to American tourists are rather fearful that the discount on American money might affect this trade during the coming summer, and some large merchandisers and resort operators seem to be willing to accept American visitors' money at par.

Exporters to the American market are already feeling the effects of this changed situation, for part of their former profits were derived from the premium on American funds in Canada which prevailed for many years. Thus, one large wood pulp concern finds that its actual price is about \$10 per ton less than it was a few weeks ago.

## U. S. Capital Influx

Business and financial authorities most familiar with the situation take the realistic view that the rise in the Canadian dollar is due largely, if not entirely, to the influx of American investment capital. They realize, too, that the balance of trade between the two countries is still heavily against Canada and apt to become worse with the banning of Canadian livestock and meats, as well as of cheese, from the American market. In the last six years the United States capital investment in Canada has increased from about \$5-billion to more than \$7¼-billion, the interest and dividends on which, together with the current merchandise trade deficit, would require payments to the United States of nearly \$1-billion per annum, all of which could be met under generally favorable economic conditions.

It should be noted, however, that

the character of American investments in Canada has changed quite markedly in recent years. Until the latter part of 1951 there was considerable new investment in Canadian business concerns, this rising to bring the number of such establishments controlled by United States industries to more than 2,500 in comparison with less than 2,000 in 1945. This type of investment has, however, been affected by credit and other restrictions imposed by the re-armament program.

The most characteristic inflow in 1951, and so far in the current year, was a long-term movement of American capital in connection with the financing of the development of Canadian natural resources and the sales of new issues of Canadian securities in the United States. The net influx of capital for such purposes from the United States was over \$550,000,000 last year. This amount was about \$400,000,000 less than in 1950, the difference being accounted for largely by abnormal movements of speculative funds into Canada in anticipation of the Dominion Government's unpegging of its dollar rate. The flow of American development capital is continuing in substantial volume, quite as great as in 1951, and it is spreading out over a larger territory, particularly in western Canada's oil and gas fields, drilling operations in which have reached new record proportions.

## The Budget

The Dominion Government's budget for its current fiscal year ending March 31, 1953, is based upon the high though irregular state of economic conditions in 1951 and the expectation that this state of affairs will continue for at least another year. The government expects the national production to rise again by 4 or 5 percent in the next 12 months under fairly stable price-making

conditions, in which event the gross production would increase to \$22½-billion, as compared with slightly less than \$21-billion in 1951, when wages, salaries, supplementary labor income, and investment income showed average increases of about 17 percent over 1950. Corporation profits, after taxes, were slightly less than in 1950. The dividends paid out increased a little at the expense of undistributed profits.

## It May Balance Again

The new national budget is a monumental affair both in expenditures and revenues and in the services it is intended to cover. Projected expenditures exceed \$4¼-billion without taking into account the administration's share of old-age pension payments and probably various supplementary items, all of which may amount to some extra hundreds of millions of dollars. These expenditures are expected to be covered by revenues, in which event Canada would have its sixth consecutive balanced budget.

The major expenditure item is for defense, slightly over \$2-billion, which, if fully expended, will exceed similar costs in the past fiscal year by over \$600,000,000. Considerable changes were announced in income and excise taxes but without affording much relief in the way of income taxes. Personal income taxes are to be lowered by an average of 6 percent next July 1, but a 20 percent defense surtax introduced last year is to be incorporated in the new personal income tax schedule, while a new 2 percent social security levy is on the entire taxable income. Excise taxes were lowered on tobacco and automobiles and wiped out entirely on such household appliances as washing machines, stoves, and refrigerators. Corporation taxes are continued on the levels of the past year; namely, 50 percent on profits over \$10,000 per annum.

## MURRAY OLYPHANT

## BANKING



—will cease and may well be succeeded by monthly cash additions. Since seven months remain in 1952, perhaps the revised Savings Bonds will add some hundred millions of dollars to the general fund of the Treasury before the year is out.

### Reoffering the 2½s 1980/75

Over a year ago, as part of the "accord" then reached by the Federal Reserve and the Treasury, holders of \$19,656,000,000 then outstanding ineligible 2½ percent bonds 1972/67 were given the right to exchange their bonds for a new non-marketable (except by exchange for a 5-year marketable 1½ percent note) 2¾ percent bond callable in 1975 and maturing in 1980. Over \$13,500,000,000 were exchanged with the effect of greatly reducing the threat to the market of further sales of the 2½ percent issue.

Now a further offer of these 2¾ percent bonds is made both for cash and in exchange for the remaining \$6-billion of the 2½ percent bonds 1972/67 and for the \$3,480,000,000 2½ percent bonds 71/66 and \$5,195,000,000 2½ percent bonds 70/65 (total \$14,750,000,000). *This time the objective is to get cash.* If exchange subscriptions are made they must be accompanied by cash subscriptions of not less than one-quarter of the total subscription. In short, \$1 of cash for each \$3 of exchangeable bonds. Now note the bait. On these exchange subscriptions *the \$1 of cash will draw 3½ percent interest.* Since all the 2½ percent bonds which can be exchanged are selling on about a 2.57 percent basis, it can be figured that the result of an exchange could be even slightly better than 3½ percent. What more could be asked?

As of January 31 ownership of the exchangeable 2½ percent bonds was about as follows:

(in millions of dollars)

Commercial banks	\$ 391
Mutual savings banks	1,708
Life insurance companies	2,551
Fire, casualty and marine insurance companies	475
All other investors	2,552
U. S. Government accounts and Federal Reserve	7,103

Last year the Federal Reserve and the U. S. Government investment accounts made full exchanges. This year no exchanges are likely from them. There would be no point for

the investment accounts to put up the cash or the Federal Reserve either. The commercial banks have relatively few and what they have must have been held on December 1945 to qualify for the exchange privilege.

So there remains over \$11,800,000,000 in the hands of the other

groups, over half of which is owned by "all others," a classification that includes pension, retirement, and similar funds, both private and state. Since all the groups were consulted by the Treasury, it seems very probable that approval of the offering must have at least been tentatively

(CONTINUED ON PAGE 112)

## Investment Market

H. EUGENE DICKHUTH

*The author is a financial writer on the staff of the New York Herald-Tribune*

**N**EW bond financing in the underwriting markets in April topped \$1-billion, the highest since 1926, and stock issues set a six years' record. Overall flotations of all types of securities saw a sharp increase over April 1951.

The bond aggregate for the month—of \$1,051,520,000—represented 86 issues, including two important flotations, those of the Federal Land Bank and of the Intermediary Credit Bank.

This last figure compared with \$487,828,000 for 68 issues in March, and \$318,657,000 for 44 flotations in April 1951.

**S**TATE and municipal obligations accounted for \$325,040,000 of the bond total, the largest for the month of April since 1947. Included in these offerings were bonus bonds marketed by West Virginia, as well as turnpike obligations of that state and bonus bonds of Oregon.

Public utility bonds, totaling \$174,000,000, were smaller than in the preceding month, but represented the largest volume for that industry for any April since 1936. General industrial bonds issued last month aggregated \$184,000,000, the largest for any month since April 1946.

Bond offerings were helped in the general investment markets by the slump in equities, by rising interest rates and improving yields, and, thus, lower prices. The attraction for bonds is growing, indeed.

**T**HE market for preferred stocks has also enjoyed in the last few weeks one of the best periods in several years. There has been a general appreciation in prices, largely in the expectation that New York savings banks will take advantage of their newly granted privilege to buy preferred and common shares.

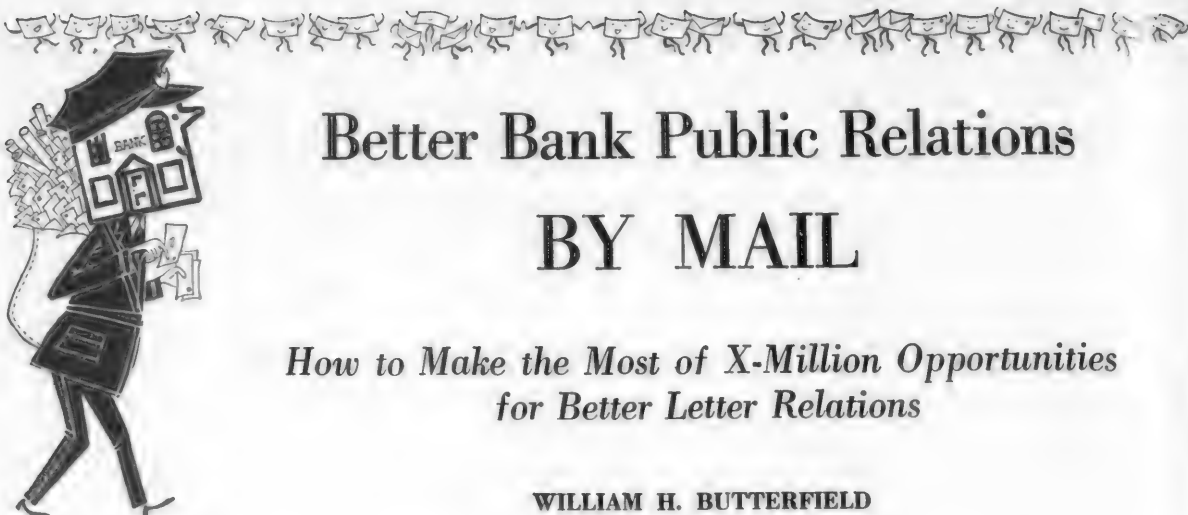
Although most of the purchases which have boosted the market have been on account of dealers laying in inventory, others have been on the part of savings banks themselves. Other investors, notably fire insurance companies, have also turned their attention to preferred stocks.

**C**OMMON stock offerings in April comprised 23 issues totaling \$102,338,000, against \$114,218,000 for 14 flotations in the preceding month and \$64,640,000 for 18 issues in April 1951.

Public utility common shares were the largest for any month since January 1950, and they accounted for the bulk of the equity financing in April.

**A**s indicated last month, this years' private issues may be ahead of 1951. So far in the four months ended April 30, \$2,524,371,000, divided among 302 bond issues, were offered to the public. This compares with \$1,411,076,000 for 182 issues in the first four months of 1951. Indeed, the bond offerings so far are the largest for any like period in more than 25 years.

New equity financing in the first four months totaled \$404,612,000 for 66 issues, compared with \$212,644,000 for 45 flotations in the corresponding period of 1951. They were the largest for any first four months since 1946, when 127 issues reached the market aggregating \$417,207,000.



# Better Bank Public Relations BY MAIL

*How to Make the Most of X-Million Opportunities  
for Better Letter Relations*

WILLIAM H. BUTTERFIELD

*This month MR. BUTTERFIELD, a widely known authority on business letter writing, offers further examples of good bank letters, as part of his current series of articles. Readers who are using letters that they consider effective are invited to send examples to the Editor of BANKING, together with any comment they care to make on the results obtained from their "letter relations." Such letters will be passed on to MR. BUTTERFIELD for possible analysis in future issues of BANKING. Address such material to BANKING, 12 East 36th Street, New York 16, New York.*

**T**HIS month's commentary comes from two bankers, in widely separated localities, who have had broad experience with public relations by mail. One represents banking in a large city, where contacts with customers are impersonal unless a special effort is put forth to make them otherwise. The other represents banking in a small town, where a first-name acquaintance with customers is more the rule than the exception.

Each of these bankers is doing an excellent job. Naturally, their techniques differ somewhat because of the basic differences in their communities. But their philosophy of public relations by mail is the same. It recognizes the simple truth that cordial letters build goodwill—that the little "extra" courtesies of business win friendship and confidence.

## Pop. 380,000

In the following paragraphs Dunlap C. Clark, president, Central Bank, Oakland, California, tells how letters are used in the public relations program of his bank\*:

When a bank reaches \$140,000,000 in resources, it may be considered too large to bother with personal letters from the president to customers. Central Bank feels otherwise. Our direct-mail promotion includes 11 different types of letters which carry the president's signature. Some 40 or 50 of these go out each day. These are

not merely form letters, but are personalized to suit the recipient and the reason for writing.

For example, a letter of welcome is written to newcomers to Oakland, whose names come from such sources as friends of the bank, the staff, or newspapers. Many desirable accounts have originated from this source.

Every new customer opening an account in the main office receives a personal letter of welcome from the president, and branch managers send similar letters to their new customers. When the connection is obtained by a staff member, that information becomes part of his record in the personnel department, and receives consideration, along with the usual factors, in his promotion and salary adjustment.

When an account is closed, if a personal call is not feasible, the former customer receives a letter from the president, expressing the hope that the discontinuance was due to no dissatisfaction with our services and that relations may be resumed later. A gratifying number of complimentary replies to these letters have been received.

Here are three of the Central Bank letters that carry Mr. Clark's signature as president. The first is a note of welcome to new residents of Oakland, inviting them to use any of the bank's facilities that will be helpful:

Dear Mr. Harrison:

Welcome to Oakland! We know you will like our excellent climate, our friendly people, and the opportunities afforded by this great Bay Area.

If you are in need of a banking connection or any financial service, please feel free to call on us. Central Bank has been serving this community for more than sixty years.

The enclosed folder outlines the many facilities available here for your convenience. We shall welcome any opportunity to be helpful to you.

Sincerely yours,

The second letter is a "thank-you" note that goes to each new depositor. It reminds the reader that Central Bank is now *his* bank, and offers him additional services designed to meet all of his banking needs:

Dear Mr. Adams:

Thank you very much for opening your account with Central Bank.

\* The paragraphs quoted are reprinted from "Bank Public Relations," by Dunlap C. Clark, published by Marquette Memo, Marquette University, Milwaukee, Wis., in August and September 1951. This material is presented by permission of the author and the publisher.

We desire to serve you in more ways than as a mere depository for your funds. Central Bank offers complete facilities to meet all your banking requirements. Enclosed is a folder listing many of them.

Please feel that this is your bank, and call upon us freely whenever we can be of service to you.

Yours sincerely,

The third letter is mailed to each savings-account customer who closes his account. It encourages the reader to report any possible shortcoming on the part of the bank, and expresses the hope of serving him again:

Dear Mr. Whitney:

We have appreciated the opportunity to serve you, and we regret that you have closed your savings account.

If for any reason you felt that we did not measure up to your requirements in a depository, we hope you will tell us frankly, for we try to provide the best possible service.

If Central Bank can be helpful at any time in the future, we shall be very glad to serve you again.

Yours sincerely,

### Pop. 2,500

John S. Alfriend, assistant cashier, Bank of Charles Town, Charles Town, West Virginia, also writes many personal letters to bank customers. In the following paragraphs he summarizes the program that is building business for his bank:

The Bank of Charles Town is located in a town of 2,500 people, and serves an area with a population of about 12,000. Our deposits increased \$750,000 in 1951. We attribute a considerable amount of this increase to a systematic plan we started late in 1950.

The opening of each new account is followed up promptly by a personal letter of thanks to the customer. In each instance the letter is based on information we have been able to gather about the new depositor—his educational background, his age, his employment. Both the content and the language of the letter are based on the information available about the person who will receive it.

We never use a "circular" letter. The comments and the written replies from many depositors have convinced us that *personal* letters pay. Customers appreciate and remember this courtesy. It has a goodwill value far greater than its cost in time, money, and effort.

The following examples are typical of the friendly, informal letters that Mr. Alfriend writes to new customers of his bank. The first one was mailed to a 12-year-old boy who had opened a savings account with money earned from his paper route:

Dear Alwyn:

Your new savings account in the Bank of Charles Town is very much appreciated.

When you started to save your money, you took one of the most important steps a young man can take. So many boys waste their money. They spend it on things that seem desirable at the moment, but have no real value in life.

By saving your money, you are building for your own future. Your bank account may help with your college education, or it may help you to start your own business. It will be hard for you now to realize how soon you will

be out of school and starting your life's work. But that time comes all too soon. And when it does, the money you have saved will help you get the right start.

By opening a savings account, you have shown your desire to succeed. We commend you, Alwyn, for the fine start you have made. We shall watch your account grow—and share with you the satisfaction you will take in having money in the bank when you need it.

Sincerely yours,

The second letter was written to two local young men who had just opened a filling station. The message combines an expression of congratulations and good wishes with a word of thanks for the opening of a new account:

Dear Donald and Preston:

This letter has two purposes: first, to congratulate you both on your new business and wish you every success; and, second, to thank you both for opening your bank account with us. Your business is very much appreciated.

Your association with the Bank of Charles Town, we feel sure, will prove a mutually profitable relationship. All of us on the staff want to be as helpful as possible to you.

Thanks again for your business, and good luck to you both!

Sincerely yours,

The third letter was mailed to a new customer who had just opened a checking account with the Bank of Charles Town:

Dear Mr. Shelton:

Your new checking account in the Bank of Charles Town is very much appreciated.

Now that you have become a member of our "family" of more than five thousand depositors, we want you to feel that this is *your bank* and make yourself at home here. All of us on the staff want to be helpful to you in every way possible. We hope you will give us many opportunities to do so.

Thank you for your business, Mr. Shelton.

Sincerely yours,



"In regard to your letter of the 18th, which we received the 19th, but requested by mail the 18th, not knowing we would receive it the 19th, please disregard our letter of the 18th, which you received the 19th."



# the FAMILY DOLLAR

## BANKING'S FINANCE FORUM

### Experts Discuss the Day's Home Circle Problems

#### ESTATES

**To what taxes is an estate in trust subject?**

*Answered by*  
GILBERT T. STEPHENSON, *retired Director of Trust Research, The Graduate School of Banking.*



**A**N estate in trust—whether a living trust or a trust under will—may be subject to gift taxes, income taxes, estate and inheritance taxes, and ad valorem taxes. But to say that a trust may be subject to these taxes is quite different from saying that it is subject to any of them.

An irrevocable living trust may be subject to a Federal gift tax but only if the creator himself does not pay it. This would be a very rare occurrence indeed.

A trust, whether revocable or irrevocable and whether a living trust or a trust under will, is subject to income tax if the income is accumu-

lated or reinvested and is not distributed or distributable to the beneficiaries.

A living trust may be subject to estate and inheritance tax if it was created in contemplation of the creator's death or within three years of his death and the creator of the trust did not provide by his will that estate and inheritance taxes, including those on his trust, should be paid out of his general estate.

A person who creates a living trust or a trust under his will may provide what property shall be subject to the payment of estate and inheritance taxes. He may provide that all such taxes shall be paid out of his general estate, or all out of his living trust, or that they shall be prorated between the two and in what proportions.

The real property and the tangible and intangible personal property in a trust are subject to ad valorem taxes the same as all other property.

In answering this question a commentator can do no more than say what taxes a trust *may be* subject to.

#### LIFE INSURANCE

**It has been suggested to my husband that he take out a policy to cover the mortgage on our home; shouldn't life insurance for the protection of the family come first?**

*Answered by*  
DUDLEY B. MARTIN of the *Institute of Life Insurance, New York City.*



**I**T certainly should. Only after a man has life insurance which will give his family the income they will need to continue living in their home, should he consider a policy to cover the mortgage. What good would it do his family to get the house free and clear if they couldn't afford to stay in it? And if they have to sell the house, the lack of a mortgage might retard rather than expedite the transaction.

The first requirement for life insurance is to provide cash to pay the expenses that always arise when



death occurs in the family. Beyond this, some cash is usually needed to cover a readjustment period and, finally, an income to continue at least until the children are grown. How much life insurance your husband should have for these purposes depends upon the circumstances of your family, the number of children you have, their ages and what other resources you can count on.

When these needs have been met, your husband would be well advised to take out a policy to cover the mortgage on your home. This can usually be arranged on a basis that does not entail any great outlay, and is one step toward building a well-rounded life insurance program. Many people put such a mortgage policy ahead of specific educational policies for their youngsters and for life insurance to provide for their own retirement years.

## TAXES

**What income tax savings are potentially possible in the drafting of a will providing for testamentary trusts?**

*Answered by*  
**J. K. LASSER,**  
*tax expert and*  
*author of popular books on taxes.*



**O**VER-ALL income taxes may be reduced in two ways: The number of tax-paying entities may be increased or income may be taxed to beneficiaries with the lowest income tax rates.

In the former, where trust income is taxed to the trustee, as where income must be accumulated or is distributable only in the discretion of the trustee and is not paid nor credited to the beneficiaries, income taxes are reduced by multiplying the number of entities. This can be done by creating a separate trust for each beneficiary.

Where, however, the testator desires to give beneficiaries the full income, the number of tax-paying entities is increased by making the income currently payable to the various members of the family group. In larger estates, the intention may be to place the burden of taxation only upon those subject to the lower income tax rates. A provision may

then be inserted for distributions of income from time to time within the family group in the discretion of the trustee.

In addition, this latter provision accomplishes the purpose of anticipating changes in the financial status of the members and assuring income to the family members most in need.

## INVESTMENTS

**What effect will the higher Federal taxes have on corporate earnings, and therefore on dividends?**

*Answered by*  
**JAMES W. WOOSTER, JR.,**  
*financial associate,*  
*The Commonwealth Fund,*  
*New York City.*



**I**N the absence of offsetting elements, a rise in taxes, which are an operating expense, will reduce earnings available to shareholders. Some of the possibilities for offsetting tax increases are: Increased volume of business, higher selling prices, more efficient production or distribution processes, and lower raw material costs. For many companies, taxes are rising faster than are possibilities for increasing profits, and for such companies the shareholders' portion of the total income dollar will shrink.

During World War II and in the following years, American business on the whole has followed a conservative course in paying out to shareholders the profits which have been earned. There have been a number of good reasons for this. Plant expansion and the replacement of worn-out and obsolescent machinery have been carried out during a period when all costs have been rising.

To help pay for this expansion and maintenance of plants on an efficient basis, retained earnings—money earned but ploughed back into the business rather than paid out in dividends—have been indispensable. As a result many companies have paid out only one-third or one-half of their earnings in dividends and have reinvested the rest in new plants, machinery, increased inventory, etc.

With any reduction which may

come about in corporate earnings as a result of higher taxes, there will, of course, be a tendency to reduce dividend payments accordingly, and this will apply particularly to those companies which have paid out extra dividends in excess of the usual rate. It will also affect especially those companies whose total dividend payments have been a large proportion of total earnings. For those corporate managements which have kept dividend rates at a level within the capacities of their companies to pay in other than boom times, the impact of higher taxes, although serious, should not bring about the same reduction in dividend rates, in those cases where dividends are reduced, as would have resulted if previous payments had been at a more liberal level.

In contemplating the purchase of common stocks it has always been true that the amount of dividend paid must be judged not only in terms of dollars and rate of return, but also in relation to the amount of earnings put back into the business. With higher taxes tending to restrict or reduce the earning power of most businesses, it becomes particularly important to determine the portion of earnings retained as a cushion, as well as the portion disbursed in dividends. Under present conditions a lower rate of dividends, well protected, may prove preferable to a higher rate which cannot be maintained at a time when a larger portion of earnings will go to the tax collector, leaving less for the owners of the business.

## PERSONAL FINANCES

**Should a housewife handle the family finances—that is, run the checking account, pay the bills and keep the budget?**

*Answered by*  
**MARION E. MATTSON,**  
*assistant cashier,*  
*Northwestern National Bank*  
*of Minneapolis.*



**M**ARRIAGE, of course, is a partnership wherein each member should have equal responsibilities and privileges, and can well be considered a business with income and expenses. Husband and wife together should plot the economic course of the fam-

ily. Actually, it makes little difference who handles the finances so long as both understand clearly the complete financial picture. In some families, it is the wife who has the flair for handling details and managing the family exchequer. In others, it is the husband.

Because insurance statistics reveal that women live longer than men by approximately five years, women eventually are left to carry on alone. Rather than be confronted with the task of running the checking account, paying the bills and keeping the budget late in life, it is excellent training for the wife to take over the management of the family funds soon after marriage. Women are reputed to control better than 50 percent of the nation's wealth and to spend 80 percent of its income. Yet, so many women know not what the husband's income is, what the fixed expenses are to be met out of that income, how much and what kinds of insurance the husband has, where payments are to be made, etc.

Our homes and the people in them constitute one of the finest businesses in the country today. The physical operation of these homes is in the hands of the housewives. To have these women actively keep the budget, pay the bills, run the checking account, rounds out the operation as well as giving them the complete picture of our country's most important business—the home. That is one of the things that makes America great. It must be kept that way. Matters requiring major decisions naturally should always have the benefit of the thinking of both partners.

\*\*\*\*\*

"Save! Save! Save! Must you talk shop after all day at the bank?"



Women's finance forum sponsored by the Commercial National Bank of Tillamook, Ore.

## Small Town Bank Calls Forum Results Excellent

*Tillamook, Oregon, has 3,800 inhabitants—rather small, you might think, for a women's finance forum. But the Commercial National Bank arranged a four-session program and got a total attendance of 351. Vice-president DONALD P. PETERSON tells about it in the following letter to BANKING.*

CONDUCTING a finance forum for women by the small country bank calls for somewhat different procedures than those used by banks in large cities. We approached the idea of such a forum in our town with some misgivings. First, we called a meeting of some of the leading women in the community and got their ideas as to whether they felt there was a demand for such a forum, the best day on which to meet, and other pertinent ideas.

Fortified with their suggestions we embarked on our course. The smaller bank will not be able to afford an expensive series, but we felt we should present well-qualified speakers. One of our correspondent banks gladly furnished us with an outstanding speaker for our initial session. An affiliated bank provided another. For the life insurance session, we got an assistant agency manager who covers our territory. For the session on investments, we

went to a security dealer in a nearby city. We found that speakers were anxious to participate in meetings of this type.

We decided it would not be advisable to use the invitation and ticket system in a small community, since many who did not receive an invitation might feel hurt. We extended a general invitation through newspapers and our local radio station, along with inserts in our bank statements.

It was also decided not to hold the sessions in the bank as we felt that small banking quarters lent more of a commercial aspect, so we decided on a centrally located public meeting hall.

We asked the florists if they would like to participate; they furnished flowers. Our radio dealers provided us with combinations for playing recorded music preceding and after each program. The bakery from which we ordered the refreshments gave the pencils passed out at the meetings.

Literature to augment the talks by the speakers came from the American Bankers Association, the American Institute of Life Insurance, the Federal Social Security Board, and the speakers themselves.

The forum consisted of four sessions: "Planning of Personal Fi-

nances;" "Wills, Estates and Trusts;" "Life Insurance and Social Security;" and "Investments." The average number of women in attendance was 88. Some men also attended each session. The "Wills, Estates and Trusts" session drew the largest audience—112 women. Two local attorneys participated with the speaker on the discussion panel. We found from experience that the written question method produced more inquiries than having oral questions from the floor.

We think a forum for women is an excellent community relations program for a small bank. We have received much favorable comment. While we anticipated no tangible results, we have been surprised to have some new business on our books as a direct result of the forum.

## Forum News

C. W. BAILEY, president of the Southern Trust Company, Clarksville, Tennessee, and former president of the American Bankers Association, reports that that bank had a successful forum on estate planning. Average attendance at the three sessions was 175. Speakers included Mrs. Nancye B. Staub, president of the National Association of Bank Women, who is, Mr. Bailey says, "a native of our county." The forum, he adds, "stimulated a lot of thought in the minds of the people in this area who have property."

THE trust department of the Wachovia Bank and Trust Company,

Charlotte, North Carolina, had a total attendance of more than 700 at three afternoon meetings of its women's finance forum this spring. One of the speakers was Dr. William A. Irwin, economist of the American Bankers Association, who discussed investments.

"Today's investors," he said, "are dealing with 'pre-shrunk' dollars. You must make use of all the intelligence, information, guidance and alertness you can command to keep your money efficiently employed. Do not invest and forget! Your investment program will need periodic review and revision and continued management if you are to realize your goal of income and security."

THE Pennsylvania Company for Banking and Trusts, Philadelphia, recently had a forum for the second successive year. Capacity audiences of women from all sections of the Philadelphia area attended. William Fulton Kurtz, president of the bank, discussed "what goes on beyond the teller's window," describing the modern commercial banking system, its daily functions, and its contributions to the American economy.

THE Hamilton National Bank of Knoxville, Tennessee, also had its second annual forum recently. There were three sessions, spaced a week apart, beginning at 10:30 A.M. and ending at noon. An informal "coffee hour" preceded each meeting in the hotel, reports Vice-president W. E. Newell.

"Frankly," says Mr. Newell, "we

feel that this forum is the best public relations job we have ever tried to do, and we hope that we can make it an annual affair."

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## By the Way...

*There is no eye trouble like "I" trouble.*

When a person is proud of his knowledge, he is ignorant.

*A great speech is measured by its depth—not its length.*

There is no difference between a wise man and a fool when they fall in love.

*No person speaks louder than the one who doesn't know.*

When you put pennies into the collection plate, how can you expect dollars out of the sermon?

*Few persons despair of the human race after looking in the mirror.*

In war the pen is mightier than the sword, but after war the pension is.

*We never read a book on "How to Succeed" because we are afraid the answer is work.*

A person is very short-sighted if he can't see the other fellow's duty.

*For adult education nothing beats children.*

At Southern Trust Company's forum, left to right: President C. W. Bailey; Mrs. Nancye B. Staub; Elsie Parker, trust officer of the company; Grady Huddleston, secretary of the Tennessee Bankers Association; and Southern's vice-president, D. R. Buttrey



# Gifts in Contemplation of Living

EARL S. MacNEILL

*The author is vice-president of the Irving Trust Company, New York City.*

**D**RAMA laced with humor . . . salty characterization . . . one does not look for these ingredients in the reports of decisions by the Tax Court of the United States. It is all the more rewarding, therefore, to read *Carr et al v. Commissioner*, decided April 22, 1952, a case illustrating with gay touches the rules relating to *contemplation of death*.

As every reader is presumed to know: If a person gives away property in contemplation of death, the donated property will be treated as part of the giver's taxable estate. But what is "contemplation of death"?

In the early cases, it was pretty much of a deathbed affair. The family gathered around and the manorlands were parcelled out. As the rule grew, all manner of tests were applied: the age and health of the decedent when he made the gifts; if he was ill, was the illness sudden or chronic? What were his habits, his hobbies, his attitude toward life? His feelings toward the people to whom he made the gifts? Finally, the giver's philosophy about the very matter of paying taxes became a decisive element. If the dominant motive for making the gift was to save estate taxes, it was held that the gift was in contemplation of death and was taxable.

For a long time there has been a statutory presumption designed to make the deciding of such nebulous issues easier. Until 1950, the presumption rode a kind of see-saw, balanced on a two-year pivot. If death followed the gift within two years, the gift was presumed to be "in contemplation"; if two years or more elapsed, then the presumption disappeared. This was only a presumption in any event, and the "weight of evidence" could push the see-saw down at the other end.

So many hundreds of cases clogged the courts that Congress made a drastic change in 1950; thereafter, if *three* years intervened between giving and dying, the gift would stand free of estate tax, whatever the motive. If the gift was made within three years of death it would be presumed to have been made in contemplation of death—but the presumption could be overturned by evidence of motives associated with continued living.

Now to the affairs of Benjamin Carr, who was born and died in Tennessee. Aged 85 when he died in August 1946, he was survived by Elizabeth, his wife for over 60 years, by three children, and an unstated number of grandchildren. He had owned a sawmill, had invested in timberlands. At his death he owned 1,400 acres of timberlands, \$6,000 in U. S. bonds, and a collection of interest checks that he hadn't bothered to cash for a number of years; also \$50,000 on deposit in two banks. Late in 1945 and early in 1946 Benjamin had sold two tracts of timberland for a total of \$162,000, and \$132,-

000 of this he had given to his children and grandchildren. It was to these gifts that the Commissioner of Internal Revenue attached the label, "contemplation of death." A deficiency in estate tax of \$24,066.09 was claimed.

The evidence was lively. "Healthy as a horse," was Benjamin's boast. He was proud of his health. He had all but one of his permanent teeth. The only glasses he ever had was a pair that he paid a dollar for; and he read the newspapers without them. About 10 years before he died, Benjamin fell out of a barn loft and broke his hip. A doctor urged him to go to a hospital where his hip could be X-rayed and placed in a cast. None of this nonsense for Benjamin. So he stayed in bed, recovered, but walked with a limp thereafter. Said he would live longer because of the injury, since it made him take life easier. "I have the promise of a hundred years," he would say.

Doctors continued to have no part in his scheme of things until March 1946, when a doctor was called to treat his bad cold and sinus infection. A prescription was filled, but Benjamin refused to take the medicine. "I'll pay for it but I won't take it." On August 26, 1946, he contracted pneumonia and died two days later.

**N**EVER in the 60 years of their married life had Elizabeth "contraried him about anything"—that is, until he sold the timberland in 1945; and then she balked when he asked her to sign the deeds with him. This he had regarded as routine; she had always signed the deeds before. But Elizabeth, a year before, had asked Benjamin to help the children, who were having hard going with illness and operations. He had refused and she had reproached him; had quietly made up her mind that she would never sign another deed for timberlands unless the money was given to the children.

Elizabeth extracted the promise she had set her heart on, so she signed the deed and the money was divided, Benjamin keeping just enough for taxes. After the gifts were made, Benjamin expressed pleasure to his wife that he had done so. Consequently on the second sale a similar distribution was made.

So ran the evidence, and on the strength of it—although the gifts had been made within a year of his death—the tax court reversed the presumption that would have made the donated money part of Benjamin's taxable estate. No extra tax of \$24,066.09, said the court.

The course Carr followed is not one that every man of property could—or would—choose for himself. But the moral is evident: The reasons that will save taxes have the least to do with taxes. Gifts that have their roots in love and family ties—that are made in contemplation of the normal, continued enjoyment of life within the family circle—gifts that are genuine—these are the true tax-saving gifts.





# The Octagon

*The Haunted  
White House of 1814*



Colonel John Tayloe

AT the urging of his intimate friend, George Washington, the wealthy Virginian Colonel John Tayloe decided to build in the new city on the Potomac. As architect he chose Dr. William Thornton, designer of the Capitol. Completed in 1800 shortly before the White House, his home was one of the finest in Washington and for many years was a center of social life.

When the British burned the White House in 1814, Colonel Tayloe dispatched a courier offering President Madison the use of his home and accordingly for more than a year the President made The Octagon his official residence. Here he ratified the Treaty of Ghent which formally ended the War of 1812 and here his charming wife Dolly further enhanced the mansion's reputation for hospitality.

Why the house came to be known as The Octagon is an unanswered question. It is not octagonal and obviously was never intended to be. Consisting of two rectangular wings connected by a circular tower, its unique shape is due to its location at the angle formed by two intersecting streets. Opening off the rear is a tunnel, the purpose of which is also an enigma, although according to a discredited legend it once led to the White House.

For years The Octagon has had the reputation of being haunted. Most romantic of its spectral visitors is Colonel Tayloe's daughter. Overcome by grief over her thwarted love affair with a young Englishman, candle in hand, she threw herself down the staircase, and, some say, in flickering candlelight she still appears.

After the Tayloes' ownership ended, The Octagon entered a period of steady decline and was a dilapidated tenement until purchased and rehabilitated by the American Institute of Architects. It has continued under this organization's supervision since 1900. Like the White House whose existence it parallels, The Octagon has recently been renovated and now appears in all its original elegance.



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At Connecticut meeting of Graduate School of Banking group. Seated, left to right, A. C. Holland, The Hartford-Connecticut Trust Co. and chairman, forestry committee, Connecticut Bankers Association; Reinhard J. Bardeck, Deputy Bank Commissioner for Connecticut; Dr. Kienholz; standing, Norman Fricke, The Hartford-Connecticut Trust Co., and president, Connecticut Group, G.S.B.; Joseph Valentine, Bristol Bank & Trust Co., and secretary, Conn. group, G.S.B.; George W. Trepp, Jr., The Hartford-Connecticut Trust Co., and member, agricultural committee, CBA; Johnathon Eno, Simsbury Bank & Trust Co., member, agricultural committee, CBA; Albert Clock, First National Bank, Litchfield, member, A.B.A. Forestry Committee; and Gilbert M. Chapman, New Hartford Trust Co., and member forestry committee, CBA.

## News for Country Bankers

### Mississippi's Easy Credit

SOME 27 bankers, including eight state secretaries from southern states, met recently at the A.B.A. Agricultural Commission's luncheon meeting in White Sulphur Springs, West Virginia, for a full discussion of the recently enacted Mississippi Senate Bill 113, known as the "Livestock, Poultry, and Egg Production Assistance Act of 1952." Colonel M. D. Brett, executive vice-president of the Bank of Clarksdale, Mississippi, explained the act.

Essentially, the statute provides that banks and other lenders may make loans (guaranteed) up to 90 percent of the market value of the security for a maximum of \$15,000, not to exceed five years, at a rate of interest of 5 percent per annum, with 1 percent going into a revolving fund known as "Interest Fund" to sustain the guaranty. Applications are submitted to the county agent, together with farm plans, for his approval. Two million dollars has been appropriated to carry out

the program and is to be administered by the director of the Extension Service at the Mississippi State College. An advisory committee of five, to include an executive officer of a bank, has been set up to collaborate with the director in establishing rules, regulations, forms, and procedures to carry out the purposes and intent of the law. Regulations are now being formulated.

It is reported that there appears to be a difference of opinion as to the position of the Mississippi bankers in regard to this legislation. The act itself *was not* sponsored by the Mississippi Bankers Association and the association did not take a position either for or against it when it was before the legislature.

Similar legislation is now being considered in Louisiana and Vermont.

### G.S.B.'ers Study Forestry

FIFTY members of the Connecticut group of The Graduate School of Banking (graduates and students)

held a meeting in Meriden recently to hear Dr. Raymond Kienholz, professor of forestry at the University of Connecticut, describe the 12,000-mile transcontinental 60-day conservation and forestry tour which he conducted last year.

Dr. Kienholz's talk was illustrated with many colored slides which were taken by members of his group. He also discussed plans for a proposed four-day conservation and forestry tour through New England this coming summer, which will be sponsored by the forestry committee of the Connecticut Bankers Association. If the tour is decided upon, the party will travel by bus, equipped with loud speaker, over an 800-mile route, visiting numerous projects en route.

Members of CBA's agricultural committee attended the G.S.B. meeting.

### New Soil Movie

A NEW sound motion picture in color, *Soil Conservation Pays*, has just been produced by the Fed-

eral Reserve Bank of Cleveland and is available to interested groups, according to President Ray M. Gidney.

The movie traces the progress of improved farm practices in the Fourth Federal Reserve District and the benefits derived from the application of modern agricultural "know-how" and soil conservation methods. It is divided into four parts: (1) The Banker and the Farmer; (2) Erosion Steals Topsoil; (3) Fertility of Land is Impaired; and (4) Education and Research in Soil Improvement Methods.

This 16-mm. color film has a running time of 18 minutes. A pamphlet describing the movie will be mailed upon request.

The picture was produced under the direction of Roger R. Clouse, vice-president of the Federal Reserve Bank, assisted by Claude I. Hummel, agricultural specialist; Elmer F. Fricek, photographer, and other employees of the bank.

### Boatmen's Farm Exhibit

VISITORS to downtown St. Louis during April and early May had an opportunity to see how good farming practices pay off in increased production of quality food.

A "Balanced Farming" exhibit in the Boatmen's Bank Building told the story of balanced farming in Missouri to large crowds each day. A large number of absentee land owners who live in St. Louis showed special interest in the exhibit and the bulletin display.

A feature attraction of the exhibit was the portable soil testing laboratory trailer complete with all soil testing equipment. Soil specialists accepted soil samples from the lawns and gardens of persons visiting the exhibit. Samples were tested and fertilizer suggestions mailed to visitors requesting them.

The exhibit was sponsored by the University of Missouri agricultural extension service in cooperation with the Boatmen's Bank.

### Strickland Award

THE Robert Strickland Agricultural Memorial Award for Distinguished Service to Agriculture in Georgia during 1951 was presented to The Commercial National Bank, Cedartown, at the annual meeting of the Georgia Bankers Association, in Augusta.

From the Trust Company of Georgia the bank received a large bronze plaque, depicting the dawn of a new era of agricultural progress in Georgia and a \$2,000 scholarship to any college of agriculture in the University System of Georgia. The Cedartown bank will select a worthy student from Polk County to receive the scholarship.

The plaque and scholarship were presented by Chairman John A. Sibley to W. D. Trippe, president of Commercial National.

Selection of the Cedartown institution for the coveted annual award was made by a group of impartial educators, based on a thorough study of the activities of a number of the state's banks.

Achievements of Commercial National mentioned by Chairman Sibley in making the award included:

(1) Mr. Trippe and Vice-president Stovall W. Trawick spearheaded and pushed to completion in 1951 the building of a \$50,000 feed mill, which now provides the first local market for grain Polk County ever had.

(2) Polk County's agricultural situation has been advanced by efforts to The Commercial National Bank to provide markets for products. Examples mentioned: Market for Grade B milk and new feed mill.

(3) Cooperation with county

agent in promotion of FFA work; donation of prizes for 4-H Fat Calf Show; financial aid to 4-H members in purchase of beef calves.

(4) Sponsorship of Polk County pasture contest, with a \$500 prize to the winner; cosponsorship of County Jersey Show; 1951 one-acre and five-acre cotton contest; trip to Mountain Experiment Station to study modern methods in Grade B milk production; financing farmer diversification programs; financing purchase of a bulldozer to be used in soil conservation work by Polk County Soil Conservation Association; formation of Polk County Cotton Improvement Committee; and planning over-all agricultural program for the county in 1951.

### California's 4-H Awards

RICHARD D. BRIGHAM, president of the California Bankers Association and vice-president of the Anglo California National Bank of San Francisco, addressed California's twelfth annual 4-H All-Star Conference in Berkeley recently. Held under the auspices of the University of California agricultural extension service, the meeting was the climax of the year's statewide 4-H activities.

Four 4-H members, two boys and two girls, were selected from those present to represent California at a national convention in Washington, D. C. Their expenses, together with those of two chaperones, will be paid by California Business Association.

### Farm Appraisal School

A FOUR-DAY lecture course on the appraisal of farm and ranch properties will be held at the Colorado Agricultural and Mechanical College, Fort Collins, Colorado, on June 11-14. Sponsors include the American Institute of Real Estate Appraisers.

This course is designed to (1) review basic theories and procedures underlying evaluation of farm and ranch properties, and (2) explain and demonstrate procedures and techniques in the application of these principles to valuation problems created by changing agricultural and population patterns in the western states.

Registration is open to those interested in farm land and ranch valuation problems.

MARY B. LEACH



Mr. Sibley, right, presents Robert Strickland Agricultural Award to Mr. Trippe, left

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# How Banks Go to the Fair—II

*Leadership . . Awards . . Slides . . Banquets . . Exhibits*

MARY B. LEACH

**T**HE multitudinous activities of bankers in promoting the success of state, county, and group fairs illustrate conclusively that a great many country bankers are facing up to the opportunities offered by fairs to strengthen the nation's agricultural economy while achieving sound bank public relations.

The first article on banker fair participation, appearing in May **BANKING**, was concerned largely with bank exhibits.

Since leadership is the most essential ingredient in any community endeavor, we shall first introduce a few bankers who have had a conspicuous part in promoting and managing fairs. It will be noted, however, that in general, while banker fair participation starts with leadership, it does not end there.

## Leadership

In Marshfield, Massachusetts, where plans are now under way for the 85th consecutive county fair, Harry F. Monahan, credit manager of the Rockland (Mass.) Trust Company, is fair treasurer. Executive Vice-president Edward P. White reports that in recent years two of his bank's presidents have served as president and director, respectively, of the fair, and that for 20 years the fair treasurer has been a member of the bank's staff.

Down in the Lone Star State, E. L. Boston, president of the First National Bank of Angleton, and "Country Banker Extraordinary," is a big cog in the Brazoria County Fair.

Several years ago, when the Brazoria County Development Association was organized, Mr. Boston was named chairman of its agricultural committee, which later organized the fair. In the interim, he has served six-year stints as chairman of the Texas Bankers Association's agricultural committee and as a member of American Bankers Association's Agricultural Commission.



At the head of the Angleton, Texas, fair parade. Seated, front of automobile, left to right, Mr. Boston and State Representative Franklin Perry; seated rear, State Senator Jimmy Phillips and Governor Allan Shivers

With his election to the fair presidency in 1950, Mr. Boston initiated a huge building program, which included an agricultural exhibit building. The project was financed and 50,000 people saw the eighth annual fair that year. Last July, Mr. Boston announced another fair building program, which included a \$19,000 Negro exhibit building.

In a feature article on Mr. Boston's leadership, *The Houston Chronicle* stated: "Many in Brazoria County now wonder just how far a country banker can go. Boston still was not satisfied and has begun to plan additional facilities for 1952."

## Fair Officers

R. G. Dillingham, vice-president and agriculturist of The First National Bank and Trust Company of Kalamazoo, Michigan, works in the county fair board secretary's office afternoons and evenings during fair week. He says this "has proved an excellent spot from which to form new and mature old contacts with farmers and their related business connections."

The National Bank of Eastern Arkansas, Forrest City, helps develop fair plans, and Farm Repre-

sentative Homer G. Towns serves as an officer and as chairman of the catalog committee. Fair activities are featured on the bank's weekly radio broadcast.

Last year, the Planters Bank and Trust Co., and the National Bank of Eastern Arkansas joined in paying for exhibit space for a Forrest City Boy Scout troop.

## Tickets for Customers

Yakima, Washington, banks furnish a teller to help with ticket sales at the Central Washington Fair. W. F. Kesterson, assistant manager, Yakima branch of the Seattle-First National Bank, is a director and treasurer of this fair and spends all of his time at the fair for the duration. The Seattle-First invests \$200 in fair tickets for customer entertainment, which it finds excellent customer relations.

Montgomery, Alabama, banks work closely with the livestock shows sponsored by the Montgomery Chamber of Commerce. The dairy cattle exposition, held each fall, is under the supervision of H. S. Gilmore, Jr., assistant vice-president of Montgomery's First National Bank. Mr. Gilmore also serves as assistant

secretary at beef cattle shows. "Instead of having educational displays," he said, "we help finance these shows."

### Jack of All Trades

In Yuma, Arizona, officers of the First National Bank of Arizona judge, give special awards, help with publicity and invite buyers, key farmers, and fair officials to a banquet ahead of the fat stock auction. Assistant Cashier Roy Young emcees a radio broadcast to promote the fair and auction. The program brings together livestock judges, auctioneers, buyers, fair officials, and bank officers.

Don Stewart, assistant cashier in charge of livestock loan department at First National's Tempe branch, serves as livestock superintendent of the junior division of the Arizona State Fair. Also, for several years he has acted as judge of livestock at two 4-H and Future Farmer shows.

"At the Phoenix National Livestock Show," said Mr. Stewart, "Valley National Bank and First National Bank both take an active part in committee work. Frank Armer of Valley is secretary of this show."

The First National Bank of Clarksville, Tennessee, was a leader in reviving the Old Fashioned Montgomery County Fair in 1938, after the fair had lapsed for several years. In 1945 First National and Northern Bank financed a building program, loans having been repaid in full. First National Vice-president L. C. Pace is president of the Montgomery County Fair Association, which is sponsored by the Clarksville Chamber of Commerce. Premiums are financed by an agricultural fund donated by businessmen.

Herman W. Keller, farm representative of The First National Bank of Cape Girardeau, Missouri, has been on the board of the Southeast Missouri District Fair in Cape Girardeau for seven years, four years of which he was secretary. The bank gives prize money for 4-H Club livestock exhibitors.

The two Victoria, Texas, banks take an active part in the spring livestock show in Victoria. W. H. Kelley, vice-president of The Victoria National Bank, and Arvie S. Elliott, vice-president of the Victoria Bank and Trust Company, serve as co-chairmen of the fair.

"I believe that our work in connection with the show," said Mr. Kelley, "has been some of our best public relations work."

### Costumes

To stimulate interest in and to encourage costuming by merchants and their staffs during the last Riverside County Fair and National Date Festival in Indio, California, the entire staff of the Desert Bank of Indio wore Arabian costumes.

### Awards

While the leadership offered by bankers in connection with fairs follows pretty much the same pattern, trophies and awards provided by banks vary greatly.

W. F. Kesterson, mentioned above, reports that the Yakima, Washington, banks give show blankets and livestock halters to the winners at the Grandview District 4-H and FFA Livestock Show.

The Washington Bankers Association, according to Mr. Kesterson, gives a cash award of \$175 to each 4-H boy and girl winner in state achievement contests to help defray their expenses to Chicago for fur-

ther competition. Second place winners each receive a \$100 scholarship to Washington State College.

The WBA "also furnishes first-, second-, and third-prize banners for nine different judging and exhibit contests held at the State 4-H Fair," said Mr. Kesterson. "... Several bankers act as judges at the State 4-H Fair held here in Yakima."

The fair activities of the Security Trust Company of Rochester, New York, include: A dairy achievement dinner; the award of a purebred heifer calf to the winner in the grand champion animal contest in the yearling class; a judging trophy in the cattle judging class; and a junior fair program which is distributed to 800 4-H members. The heifer calf is generally awarded at one of the bank's weekly TV broadcasts.

The Commercial Bank of Utah (head office in Spanish Fork) conducts a 4-H contest, the winner of which receives a purebred Hereford heifer calf, which is presented at the annual Achievement Award Day.

"We have been successful," writes Executive Vice-president Max Thomas, "in sponsoring group visits to 'out-of-state' livestock exhibitions. For several years we have taken a group of livestock men from the central part of Utah to the National Western Stock Show in Denver. Last year, 45 people participated. This year we intend to sponsor a tour of approximately 100 individuals to visit dairy ranches and commercial feed yards in California."

### Old Time Fairs

In Harrison County, Indiana, where the ninety-third consecutive fair is being held this year, the two Corydon banks cooperate in several ways.

R. Earl Miller, president of The Corydon State Bank, reports that Corydon has "been very liberal in extending credit for construction of new buildings and improving the grounds. Many years we have contributed cash for premiums and now make contributions toward the Jersey cattle show held at the fair each year."

Blaine H. Wiseman, president, Old Capital Bank and Trust Company, Corydon, reports that his bank, along with other business houses, "contributes premiums for

(CONTINUED ON PAGE 110)



The Desert Bank's staff in Arabian costume. President O. A. Torgerson is fifth from right

# The 1952 Savings Picture

Interest Rates \* Turnover \* Service Charges \* Competition \* Promotion

J. R. DUNKERLEY

*The Committee on Savings Management and Operations of the Savings and Mortgage Division of the American Bankers Association just completed the first comprehensive savings survey made by the Division in several years. The committee is headed by ERNEST L. PEARCE, president of the Union National Bank of Marquette, Michigan.*

*The author, who is deputy manager of the A.B.A., and secretary of the Savings and Mortgage Division, reports in this article some survey findings.*

WITH the competition for savings at its highest peak since 1933, it is appropriate that the Savings and Mortgage Division should render a report on interest rates, methods of computing interest, turnover, promotion, competition, and other essential phases of the savings business, based upon a recent survey by the Division. It is hoped that these data will help banks to plan effective savings programs.

A study of the distribution of replies to our questionnaire reveals that we have a good sampling as to size, type, and location of banks—good enough to give us reliable information on a national basis.

## Interest Rates

**Commercials:** One-third of the commercial banks have increased their rate of interest within the past two years. Of those which have increased their rate, 72 percent have done so since January 1, 1951.

Of all banks which increased their rate within the past two years, 40 percent report an increase in volume of savings as a result of the increase, whereas 60 percent report no increase in volume. Only 33 percent reported an increase in the number of savers.

Of the banks which have not increased their rate, 11 percent are giving consideration to an increase.

Hence 56 percent have no intention of making any increase in rate.

Of the commercial banks reporting, over 70 percent pay 1 percent; a few pay  $1\frac{1}{4}$  percent; 13 percent pay  $1\frac{1}{2}$  percent; 15 percent pay 2 percent, and the remainder (less than 1 percent) pay  $2\frac{1}{2}$  percent or more.

**Mutuals:** Only 5 percent of the mutuals pay less than 2 percent; 48 percent pay 2 percent; 13 percent pay  $2\frac{1}{4}$  percent; 30 percent pay  $2\frac{1}{2}$  percent; and 4 percent pay over  $2\frac{1}{2}$  percent.

## Split Rates

During the past few years commercial banks have lost their fondness for split rates. Five years ago, a large proportion, possibly the majority, had some type of split rate. The most favored arrangement was to pay 1 percent up to \$1,000 and  $\frac{1}{2}$  of 1 percent on all above \$1,000.

Today only 11 percent have a split rate of any kind. The majority with the new split rates pay 1 percent on a higher amount than formerly.

## Free Balances

Only 28 percent of all commercial banks require a free balance on which no interest is paid. Of these banks 50 percent require a free balance of \$50; 12 percent require \$100; and 38 percent require a free balance of over \$100.

Approximately 21 percent of the mutual savings banks have free balance requirements—in all cases \$50 or less.

## Methods of Computation

### Method #1—Used by 31%

When we made our last survey of methods of computing interest, the most popular method was the one characterized by *deducting withdrawals in any interest period from the beginning balance, or first deposits*. In 1948,  $36\frac{1}{2}$  percent of all banks used that method. In 1952 it is still the most popular but it has declined in favor to 31 percent of all

banks. Only 8 percent of the mutuals use this method.

### Method #2—Used by 20%

Perhaps the most significant finding with respect to methods is the increased popularity of *paying interest on the minimum balance for six months*. In 1948 this method showed up for the first time but was being used by only 7.7 percent of the banks. Today over 20 percent of the banks use this method. In all but a few cases they are commercial banks.

Ease of computation is the reason for the growing popularity of this method. It is necessary only to find the minimum balance and then refer to a previously prepared schedule which shows the interest already computed.

### Method #3—Used by 13%

In previous surveys the second most popular method was one on a *semi-annual basis where withdrawals were deducted from the latest deposits*. In 1948, 16 percent of all banks used this method. At the present time, 13 percent of all banks, including over 58 percent of mutuals, use this method. It is also the method prescribed by law for Federal savings and loan associations.

### Method #4—Used by 11½%

The fourth most popular method today is similar to Method No. 3, except that the *interest is figured each quarter*. This method gained a little in popularity since and today 11.5 percent of all banks use it as compared to 7 percent in 1948.

### Method #5—Used by 10%

The third most popular method in 1948 *computed interest on the lowest monthly balance*. Ten percent of the banks used the method then and 10 percent are still using it. It has lost its position of favor only because of increased popularity of other methods.



Surveys made years ago emphasized the wide variations in interest paid on identical accounts by the use of different methods. If a sum of money is on deposit throughout an interest period, the amount of interest at any given rate would not vary regardless of method. The variation in the amount of interest payable depends on the method of determining the balance on which interest should be paid. The activity in savings accounts is the basis for over 100 methods of computing interest.

The current survey demonstrates that while there can be great variations among certain accounts, there is actually very little difference in the total interest cost regardless of which method is used.

These A.B.A. surveys have tended to bring more and more banks to the use of fewer and fewer methods. In 1948, 86 percent of all banks were using the seven most popular methods. Now 86 percent use the five most popular methods. In fact, 54 percent of all commercial banks use the first three methods.

## Service Charges

**Commercials:** One-third of the commercial banks impose service charges on savings accounts.

**Mutuals:** Service charges are not popular in mutual savings banks. Less than 30 impose them and apparently all feel that their imposition causes customer relations problems.

## Profits from Savings

**Commercials:** Ninety percent of the commercial banks claim that the savings business is profitable; 9 percent believe they just break even; and 1 percent believe the operation results in a loss to the bank.

**Mutuals:** It was not to be expected that any mutual savings bank would report a loss on operations, but one bank reported that it just breaks even.

## Turnover

One of the greatest factors contributing to the profitability of the savings business is the low turnover of savings deposits. While demand deposits turn over ten to twenty times a year, it takes an average of over two years for savings deposits in the savings department of a commercial bank to turn over. In a mutual savings bank it takes nearly

four years for savings deposits to turn over.

It is interesting to note that the turnover in savings and loan associations is now similar to mutual savings banks, although in 1940 the turnover rate for savings and loans was once in six years.

## Competition

**Commercials:** Over 60 percent of all commercial banks feel they have had serious competition because of rate.

Nationally, 10 percent of all commercial banks report they have lost from 1 to 10 percent of their deposits due to rate; 3 percent have lost from 10 to 20 percent; and 6 percent of the banks report the loss of over 20 percent of their deposits.

**Mutuals:** Forty percent of the mutuals are feeling rate competition. However, the closeout of accounts has not been nearly so heavy as in the case of commercial banks. About 5 percent of the mutuals report closeouts of from 1 to 10 percent of their deposits to competitors. A few report closeouts of over 10 percent.

It is no surprise to learn that savings and loan associations offer banks the most competition. Forty-six percent of the commercial banks and 26 percent of mutuals refer to competition from savings and loans.

Many commercial banks in New York, New Jersey, and Massachusetts are concerned with competition with mutual savings banks. In other states the competition is negligible except in a few cities.

Only a few mutuals worry about competition from other banks and apparently none is concerned over postal savings.

About 8 percent of commercial banks mention the competition from postal savings and these are pretty well scattered throughout all states.

A few commercial banks mention competition from city banks, branch systems, and credit unions.

To the question, "For What Other Competitive Reasons are Accounts Being Lost?," reasons mentioned were as follows:

% of Comm'l Banks	% of Mutuals	
7.0	.3	U. S. Savings Bonds
3.5	2.3	Unethical S&L ads
2.0	1.0	Investment in Equities
1.2	3.3	Location
.5	1.0	No Branches
.1	.3	Miscellaneous

To the question, "What Do You Think Bankers Should Do to Meet Competition?," suggestions made included:

% of Comm'l Banks	% of Mutuals	
12.3	15.2	Solicit thrift accounts; advertise; develop savings program; promotion
9.0	6.3	Increase rates
7.8	.6	Promote equal taxation among institutions accepting savings
6.1	2.3	Educate the public
5.6	11.6	Give better service
1.5	2.6	Public relations
1.0	4.0	Curtail branches of FS&L associations where not permitted to others
.3	1.0	Parking facilities

## Promotion

For the first time in recent years, savings will be featured above all other banking services in commercial banks as well as savings banks.

In cooperation with the Advertising Department of the A.B.A., we have analyzed the promotion during 1951 in comparison with what the banks expect to do during 1952 in promoting savings.

## Plans for 1952

During 1952 54 percent of the commercial and 74 percent of the mutuals will aggressively promote savings. Twenty-one percent of the commercials and 10 percent of the mutuals have decided definitely that they will do nothing.

## Media to Be Used

Commercial	Mutuals	
100%	100%	Newspaper
66%	80%	Window and Lobby Displays
40%	47%	Direct Mail
40%	49%	Radio
33%	54%	Literature
15%	23%	Billboards
11%	25%	Bus Cards
5 1/2%	7%	Television

## Promotion Appropriations

Since 1941 we have emphasized that the minimum recommended appropriation for a savings and loan association is 1/4 of 1 percent of share capital. That means that an association with \$10,000,000 of share accounts considers \$25,000 a year as a minimum appropriation in order to attract savings.

Our survey reveals that (in this year of greatest promotion) only 4.1 percent of the commercial banks and less than 7/10 of 1 percent of

(CONTINUED ON PAGE 100)

# How Much Capital Does a Bank Need?

D. RUSSELL CHAMBERLAIN

THE Risk Asset Ratio Study Committee of the New York State Bankers Association endorses the principle of calculating bank capital ratio standards in accordance with the risk involved in bank portfolios, and has suggested, in its report described below, a new formula for determining the adequacy of bank capital—a formula which may have the eventual effect of lessening the urgency for an increase in such capital.

The study, a 25-page booklet, deals with the history and development of bank capital ratios and presents an analysis of the attitudes of the various supervisory authorities.

The position taken by the NYSBA committee is that "until such time as there is a better ratio devised, we prefer the ratio of capital funds to deposits less riskless assets to any other bank capital ratio and recommend its use . . . such a ratio should be used for screening purposes only and at the present time we would consider as satisfactory a ratio for this purpose of approximately 20 percent of capital funds to deposits at risk."

The committee's recommendations cover federally guaranteed loans, FHA mortgages, veterans' loans and mortgages, and various Government agency bonds, as well as the cash surrender value of life insurance loans, state and municipal bonds, and some classes of corporate bonds.

It is the opinion of the NYSBA committee that in the study of the risk asset ratio as used by state banking departments, "they have been dealing with a mere superficiality of the banking situation. The fundamental issue before state bankers today is adequate bank earnings."

Mr. Chamberlain is chairman of the committee that made the study which he describes and is vice-president of the Central Trust Company, Rochester.

A STUDY of the risk asset ratio, which was sent recently to all New York State chartered banks, discusses this and other ratios, the attitude of the various supervisory authorities toward the risk asset ratio as evidenced by their annual reports, riskless assets and suggested additions thereto, and state banks' earnings.

Our hope is that this report will provoke discussion among New York State bankers regarding bank capital ratios in general so that eventually there will be a crystallization of sentiment regarding this subject. Contacts from the various banks indicate that there is to be no general firm conviction regarding the propriety of a capital ratio based upon the risk in banks' portfolios or what assets should be classified as riskless.

Our committee has endorsed the principle of basing bank capital ratios on the risk involved in banks' portfolios. We have recommended

that all United States Government securities be considered riskless assets for the purposes of computing capital ratios, provided the maturity diversification of the United States Government securities of the individual banks is such that ample liquidity is provided to meet any reasonable demand for funds without sales of intermediate or longer-term Government securities. We have also recommended, as is the

present case, that all cash accounts be considered riskless. There are other items among most banks' loans and investments which we have recommended as riskless assets: Loans guaranteed by the United States Government or any department thereof, FHA mortgages which are convertible in the event of default into United States Government-guaranteed bonds, the guaranteed portion of veterans' loans and mortgages, loans secured by United States Government bonds, Government agency bonds such as the securities of Federal Land banks, Federal Intermediate Credit banks, and Federal Home Loan banks.

## Cash Accounts Riskless

Cash accounts are now classified as riskless, including bank balances in correspondent banks outside of the Federal Reserve Bank. Therefore, in view of the excellent cash surrender payment record of life insurance companies licensed to do business in New York State, we recommended that cash surrender value secured loans be considered riskless. There is precedent for states giving special consideration for their own obligations. We felt that short-term bonds of the State of New York should be classified as riskless in New York State-chartered banks and so recommended.

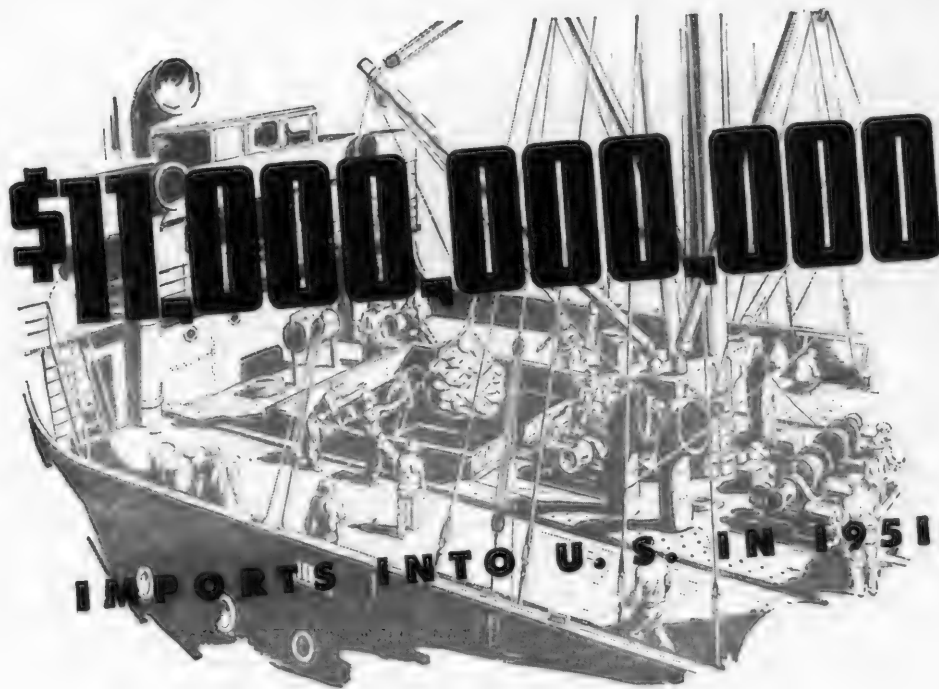
Some bankers feel that high-grade municipal bonds should be in the riskless classification. Our recom-

(CONTINUED ON PAGE 70)

## Net Profits and Dividends of State Banks and Trust Companies as a Percentage of Capital Funds, 1946-50, Inclusive<sup>1</sup>

	Banks in New York City		Banks outside New York City	
	Earnings %	Dividends %	Earnings %	Dividends %
1946	7.24	3.30	10.35	2.44
1947	5.36	3.31	6.83	2.52
1948	4.74	3.26	6.51	2.58
1949	4.95	3.47	7.15	2.80
1950	5.41	3.59	8.11	2.89
Average	5.54	3.39	7.79	2.65

<sup>1</sup> 1946-49, inclusive, annual reports of the Superintendent of Banks. 1950, Banking Department figures. Composite figures for 1951 not yet in hand.



A great percentage of these imports were financed by Letters of Credit, opened in favor of shippers abroad, or agents here. *How much of this profitable business did your bank get?*

You may open Import Letters of Credit for your customers through The Hanover Bank, as more and more banks are now doing. They appreciate our extra measure of service and competitive rates.

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**BANKS** in all parts of the nation have been Hanover correspondents for more than fifty years. A bank is known by the correspondents it keeps.

**THE HANOVER BANK**

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# Big Things are Happening in Canada!

## How Big?

Big enough to cause Americans to invest more than six billions in Canada—\$600,000,000 during 1950! It is estimated that the figure for 1951 will be at least as great.

TODAY, Canada is "America's best customer," buying more U. S. products than any other nation in the world.

IN THE PAST TWELVE YEARS, Canada's gross national product has more than tripled. Industrially, she is one of the world's fastest growing countries, and spells "opportunity" for American manufacturers.

Banks and business firms interested in the opportunities offered by this growing country are invited to call on The Royal Bank of Canada. With more than 700 branches from coast to coast, we can offer vital information on specific areas...complete banking facilities...and many services outside the realm of routine banking.

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## THE ROYAL BANK OF CANADA

"A Big Bank Serving A Big Country"

HEAD OFFICE: MONTREAL

TOTAL ASSETS EXCEED \$2,500,000,000



## How Much Capital?

(CONTINUED FROM PAGE 68)

mentation as expressed in our report is that these bonds are entitled to special consideration in the individual banks when capital adequacy is considered, but we did not recommend that they be held riskless for ratio purposes.

We hope that, in any discussions our report may provoke, the fundamental issue may not be lost sight of, for, when dealing with the subject, we early came to the conclusion that the consideration of various types of capital ratios and riskless assets was more or less superficial and that the main consideration was the present inadequate earning power of our state banks. Table on page 68 illustrates this.

THERE are public preferences in securities as in other things, and bank stocks are not and have not been in style. Investors as a whole are not impressed with their future prospects, present earnings, and dividend-paying record. At the end of 1950, according to one published list, the stocks of 550 banks in New York State out of a total of 622 insured banks were selling at a discount from book value. The average discount of these bank stocks from book value on the bid side was about 42 percent. It must be realized, of course, that a large percentage of these stocks were of the smaller banks where the market was quite nominal and that these bids might be considerably improved if an actual sale were in prospect. We have no comparable list as yet for 1951; but, while general indications are that the average discount on bank stocks in this state has decreased, it is still at a substantial figure.

What is needed is a general level of bank earnings and dividend pay-outs sufficient to make bank stocks attractive to investors at a price reflecting their intrinsic worth so that bank equity financing can be readily accomplished. This is the real solution to bank capital problems.

—The Author



**YOUR BANK  
DOES ALL IT CAN  
TO MAKE FRIENDS**

*Here*



**HOW ABOUT**

*Here?*



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appearance and fine writing surface  
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The checks you supply to your customers can be valuable "public relations" assets—especially when they're on Hammermill Safety. Here is a truly distinctive, handsome check paper, specially made to take pen writing perfectly, without feathering or scratching. And, of course, every check on Hammermill Safety bears the surface identification of "THE BEST KNOWN NAME IN PAPER,"

the name in the papermaking field that your customers *know* and respect. What's more, the sensitized surface of Hammermill Safety protects your checks against tampering and alterations.

Examine this fine check paper for yourself. Send for the free sample book showing Hammermill Safety in a variety of colors and three pleasing surface patterns.

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(Please attach to, or write on, your bank letterhead.)

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# BANK LAW NEWS

## Internal Revenue "Fishing"—Bank Life Insurance— Prudent Man Rule

### THE GOVERNMENT MAY GO FISHING — BUT

Court Uses Quantitative Analysis To  
Turn Down Government's Demand To  
Examine Bank Records.

THE Federal district court for Minnesota has upheld the action of a bank in refusing to produce a large quantity of its records for examination by an agent of the Bureau of Internal Revenue seeking evidence against a suspected tax dodger.

The court ruled that the Bureau's demand for production of the records was improper because of insufficient "factual indication that there is some likelihood that among some of the thousands of documents which the bank would be required to check will be papers which have a bearing on the tax liability of the taxpayer under investigation." It declined to call the demand improper on the grounds that the Government merely wished to go on a "fishing expedition" through the records.

In fact, said the court, the Government must be permitted to indulge in some "fishing." The Internal Revenue Code, §3614, provides that the Commissioner of Internal Revenue or a designated employee may examine any books, papers, records, or memoranda bearing upon matters required to be included in a taxpayer's return. The statute covers not merely the books of the taxpayer whose return is under investigation, said the court. It covers such books as a bank's records of a third person's cashier's checks, bank money orders, and certificates of deposit.

Furthermore, said the court, it is not necessary for the Bureau to establish that the taxpayer was guilty of fraud in his tax return, in order to establish its right to inspect the records; the Government may search the records merely to determine if fraud does exist, and a bank may be compelled to produce

the records for examination if the Bureau's summons "identifies with sufficient particularity the papers and books desired." (See *First Nat. Bank of Mobile v. U.S.*, 160 F.2d 532, reported here in July 1947 BANKING.)

The court then decided that there is another limit to the Bureau's right to examine records, although the standard which it set for finding the limit might well be summed up as "circumstances alter all cases."

In the instant case, the taxpayer under investigation was not a depositor, his only transaction with the bank during a five-year period having been a loan on his car. The Bureau, however, demanded that the bank produce records of cashier's checks, money orders and certificates of deposit purchased or endorsed by, or paid to or for the taxpayer, or his wife, or 14 other people whose names the Bureau thought might have been used by the taxpayer as aliases, or through whom he might have dealt during the five-year period.

This would have required the bank to check, at its own expense, about 65,000 items, as well as documents supporting them, and would have taken the exclusive time of three or four employees for three or four days. The bank refused to comply with the demand, and the court agreed that the demand was unreasonable.

"That a bank may be compelled in many instances to produce the matter which this bank seeks to withhold upon the theory of unreasonable burden is apparent," said the court. "But greater proof either of the possibility of finding documents bearing upon the tax liability of the taxpayer or of the small burden upon the bank in proportion to the expected degree of success must be more evident than here." *U. S. v. Third Northwestern Nat. Bk.*, 108 F. Supp. 879.

### LISA'S LEGAL

A PLAN whereby banks cooperate with insurance companies in attracting depositors and selling life insurance has been declared legal by the Missouri Supreme Court.

The life insurance-savings account plan, sometimes known as L.I.S.A., involves three contracts—between the bank and the insurance company, the bank and the depositor, and the depositor and the insurance company. Under these contracts the bank obtains a group life insurance policy from the company and pays monthly premiums for its depositors in the group; the depositor opens a special savings account and receives a certificate for life insurance up to \$2,000, agreeing to make regular equal monthly deposits until the amount of the policy is paid; if he dies before making all payments, the insurance company pays his beneficiary the difference between the amount deposited and the value of the policy.

A lower court had enjoined the operation of the plan, ruling that it was not within the bank's express powers, was "not necessary or rightly incident to the exercise of" its express powers, and involved the employment of the bank's money in trade or commerce in violation of Missouri law.

The supreme court, overruling that decision, held that the various contracts were valid and that the plan neither violated the law nor contravened public policy. The court noted that the primary purpose of the "alleged insurance coverage" was to guarantee to the bank a constant flow of deposits. This, the court felt, was "an appropriate, business-like means of the exercise of the bank's powers relating to deposits." The plan should not be condemned, the court held, "merely because it is novel and unique." *Mutual Bank and Trust Co. vs.*

(CONTINUED ON PAGE 74)

# WHEN CAPITAL CHANGES UPSET THE FEDERAL TAX PICTURE...

AMERICAN TELEPHONE & TELEGRAPH CO.—Continued  
9-1-47 Convertible debenture 3s, 1956 called at 104 and interest.  
Convertible (nontaxable) into common by surrender of \$100 debenture and \$40 cash per share stock. Amount charged for dividend adjustment would apparently be added to basis of stock. Amount credited for interest adjustment would apparently be interest income.

10-31-47 Rights (common) to convertible debenture 2 3/4s, 1957, \$100 debenture per 6 shares held at par flat. Expired 12-15-47. Nontaxable. 98.7517% 1.2483%

5-6-49 Rights common to convertible debentures 3 3/4s, 1959, \$100 debenture per 6 shares held at par. Expired 6-20-49. Nontaxable. 98.8398% 1.1602%

Stock (156-155 1/2) 155.75  
Rights (2-1 15/16) 1.96875  
Convertible (nontaxable) into common by surrender of \$100 debenture and \$40 cash per share stock. Amount charged for dividend adjustment would apparently be added to basis of stock. Amount credited for interest adjustment would apparently be interest income.

1-29-51 Rights, common to convertible debenture 3 3/4s, 1963, \$100 debentures per 7 shares held at par (flat). Expires 3-19-51. Nontaxable. 98.8398% 1.1602%

Debtentures convertible into common beginning 6-1-51 at \$138 (\$100 debenture and \$38 cash). Conversion is nontaxable. Debentures are callable after 3-19-53 on 30 days' notice at an initial call price of 107.  
Stock (152 1/4-151 3/4) 151.75  
Rights (1 26/32-1 24/32) 1.78125

Holding period of the rights is the same as the holding period of the stock. If rights are exercised, date of acquisition of the debentures for holding period purposes is the date of exercise of the rights.

Note on conversion of all debentures: The adjustment for interest and dividend upon conversion of debentures into stock is computed as follows:  
Interest is credited from the date of the last coupon to date of conversion. This amount is interest income.  
This amount is beginning of previous dividend (April, July and October) to the date of conversion. This charge

Complete Capital Changes Histories  
of over 12,000 Corporations

Full Description of  
Each Capital Change

% for Figuring  
Basis of  
Stock and Rights

Treatment of Interest  
and Dividend on  
Conversion of Debentures

Dates of Issues

Market Quotations  
and Averages

Holding Periods

## SINCLAIR-MURRAY CAPITAL CHANGES REPORTS\*

When capital changes affect income from an investment portfolio—how can the Tax Man get the facts and information needed for correctly computing gain and loss for federal income tax purposes?

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(CONTINUED FROM PAGE 72)

Shaffner, Mo. Sup. Ct., Div. 1, January Session, 1952, No. 42,739.

### PRUDENT MAN INVESTMENT STATUTE

A NEW YORK court has held that funds of a trust, created long before the passage of that state's modified Prudent Man Investment Statute enlarged the field of permissible legal investments, may be invested in accordance with the new law. (A similar decision of the Oklahoma

Supreme Court was reported here in April 1952 BANKING.)

The investment powers granted in the trust instrument in 1922 were as follows: "Said fund—whether in cash or marketable securities—shall be retained or sold and/or invested and the proceeds invested and reinvested by the Trustee in such bonds or other securities, of the kind and character *now permitted* by the laws of the State of New York for the investment of trust funds . . . ." (Emphasis added.)

The Supreme Court for New York

County, a lower court, decided that, the settlor of the trust having been "interested in maintaining a highly productive trust, consistent with sound investment policy, . . . it becomes apparent that if he were alive today, he would have approved the broadened legislative policy which now classifies as eligible certain investments which would not heretofore have received judicial approval without legislative fiat."

Without explaining why the settlor, in view of his desire to protect the trust "from an unproductive investment program on the part of the corporate trustee," limited the trustee to investment in "legals," the court interpreted his use of the words "now permitted" as indicating that he desired the investment list of his trust to expand as the legislature enlarged the list of "legals." *Bankers Trust Co. vs. Walska*, N. Y. Sup. Ct., N. Y. C'ty. N. Y. Law Jour., 4/7/52.

### CHECK AS PAYMENT

THE receipt of a check constitutes the receipt of income for Federal tax purposes if there is no agreement with the drawer to delay cashing the check, and if the check is later honored, the United States Tax Court has held.

While payment by check constitutes conditional payment only, said the court, when the check is honored, the date of payment is considered to be the date on which the check was delivered. In addition, the court pointed out, the income tax regulations provide that "where services are paid for other than by money,

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the amount to be included as income is the fair market value of the thing taken in payment."

Accordingly, the court ruled, a taxpayer receiving a check after banking hours on December 31, 1946, received income in 1946 even though he claimed that he could not, and in any event, did not cash the check until 1947. Charles F. Kahler, 20 L.W. 2479.

#### TIME FOR PRESENTMENT

THE Negotiable Instruments Law provides that a check must be presented for payment within a "reasonable time" after its issue, else the drawer will be discharged from liability to the extent of any loss caused by the delay in presentment.

In construing this provision, Mississippi's Supreme Court has decided that depositing on December 2 a check dated November 29 does not constitute depositing "an overdue check." *Hancock v. State Nat. Bk.*, 56 So.2d 819.

JOHN RENÉ VINCENS

#### Human Relations Training Program

PEOPLES FIRST NATIONAL BANK & TRUST COMPANY of Pittsburgh reports that it has developed the first human relations training program for a bank executive staff in cooperation with Pennsylvania State College.

For many years Peoples First has had a comprehensive training program, but this is the first time that specific human relations training on a college level has been given to its supervisors.

The first two seminars last October, with President Robert C. Downie and top executive officers attending, were so successful that two other groups are now participating, and it is planned eventually to include all supervisors.

Dr. Everett Alderman, faculty member of the Management Training Division of the college, is conducting the program. The seminars are held on an informal discussion basis.

*A passport photograph is a picture of what your friends think you look like.*

## Gentlemen, let's talk it over



The lack of fidelity coverage, or inadequate coverage, may cause even long-established companies to fail. Trusted employees, hard pressed to meet a crisis, are frequently tempted to take "the easiest way of obtaining funds."

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# Other Organizations



The new officers and directors of the Chamber of Commerce of the United States. *Left to right, seated:* President Laurence F. Lee, Board Chairman D. A. Juley, Executive Committee Chairman Otto A. Seyferth. *Standing, left to right:* Executive Vice-president Arch N. Booth, Vice-president Carl N. Jacobs, Treasurer Ellsworth C. Alvord, Vice-president Clem Johnston, Vice-president Russell C. Harrington, Vice-president Powell C. Groner, Vice-president Harlan I. Peyton, and Vice-president Harry A. Bullis

Ruffin G. Pleasant Hall, *below*, on the Louisiana State University campus, is where students of the School of Banking of the South will be housed during their two weeks' summer session. The building, used for adult education programs, has classrooms and a cafeteria as well as dormitory facilities



The news in this department is edited by WILLIAM P. BOGIE of BANKING's staff.

## Washington Visits

**V**ISITS have been made to Washington this year by the officers of 10 state bankers associations—Illinois, Kansas, New Jersey, Wisconsin, Minnesota, North Dakota, South Dakota, Delaware, Connecticut, and Michigan, and from three state savings banks associations—Massachusetts, Connecticut, and New York. Many of these associations are repeating visits made in previous years.

These trips are very worthwhile. They provide the officers of state associations with the opportunity to become better acquainted with their congressional representatives and the officials of the various Federal bank supervisory agencies. They allow the visitors to obtain firsthand knowledge of current legislative and administrative problems. Likewise they enable Government officials to obtain a clearer understanding of the bankers' problems.

The Washington office of the American Bankers Association is ready to assist any state association in making arrangements for a similar visit.

## Mutual Savings Meeting

**A** TOTAL of more than 1,100 savings bank officers and trustees, representing the 529 mutual savings banks of the nation, gathered in Boston for the 32nd annual conference of the NATIONAL ASSOCIATION OF MUTUAL SAVINGS BANKS, May 15-17.

Attention of the savings bankers, whose institutions now hold deposits

of \$21.4-billion, representing the savings of nearly 21,000,000 individuals, was focussed on discussion of methods for expanding and improving service to their millions of depositors, exploring opportunities for investment outlets, and protecting the purchasing power of the saver's dollar by adherence to a policy of

sound money and economy in government.

Among the speakers who addressed the national conference were W. Randolph Burgess, chairman of the executive committee, The National City Bank of New York, and a former president of the American Bankers Association; Woodlief

Thomas, economic adviser to the Board of Governors, Federal Reserve System; Wesley Lindow, vice-president, Irving Trust Company, New York; August Ihlefeld, president, Savings Banks Trust Company, New York; Roswell Magill, professor of law, Columbia University, New York; P. I. Prentice, editor and

## SOME NEW STATE ASSOCIATION PRESIDENTS



*Left to right:* **GEORGIA**—Freeman Strickland, vice-president, First National Bank of Atlanta; **LOUISIANA** — Frank E. Patenotte, vice-president and manager, Guaranty Bank & Trust Company, Amite; **FLORIDA**—Godfrey Smith, vice-president, Capital City National Bank, Tallahassee; **NEW JERSEY**—Arthur M. Mueller, vice-president, The Trust Company of New Jersey, Jersey City



*Left to right:* **KANSAS**—Don Britton, executive vice-president and cashier, Citizens State Bank, Ellsworth; **MISSOURI**—William R. Courtney, president, Mexico Savings Bank, Mexico; **INDIANA**—Ralph E. Horner, president, First Union Bank & Trust Company, Winamac; **DELAWARE**—Edwin P. Neilan, vice-president and secretary, Security Trust Company, Wilmington



*Left to right:* **VIRGINIA**—W. M. Early, Jr., president, National Bank of Orange; **MISSISSIPPI**—W. P. McMullan, president, Commercial Bank & Trust Company, Jackson; **ALABAMA**—A. Key Foster, vice-president, First National Bank, Birmingham; **TEXAS**—W. Guy Draper, president, First National Bank, Temple

publisher, *The Magazine of Building*, New York; Roy Wenzlick, president, Roy Wenzlick & Company, real estate counselors, St. Louis; and George T. Conklin, Jr., second vice-president, The Guardian Life Insurance Company, New York.

## PBA Reports

THE PENNSYLVANIA BANKERS ASSOCIATION's final committee and division reports for 1951-52, published in booklet form, offer other state associations valuable suggestions for appropriate activities. In all, the

booklet covers the reports of 21 groups within the PBA.

## Nute B. Flanders

NUTE B. FLANDERS, executive secretary of the SAVINGS BANKS ASSOCIATION OF NEW HAMPSHIRE, died on April 19.

## Virginia Secretary

RAWLEY F. DANIEL has become secretary-treasurer of the VIRGINIA BANKERS ASSOCIATION, replacing Marchant Wornom, who resigned.

Mr. Daniel was formerly with the Central National Bank of Richmond and, more recently, with the Atlantic Life Insurance Company, as agency supervisor.

## Women in Banks

THE April-May issue of *The Woman Banker*, official publication of the ASSOCIATION OF BANK WOMEN, carries an article, "Women in Banking," by Catherine S. Pepper, chairman of the ABW research committee and a member of the new business development department of the National City Bank of New York.

## Safe Deposit Meeting

THE AMERICAN SAFE DEPOSIT ASSOCIATION held its annual convention in St. Louis from May 22 to 24. The program covered organizational, legal, and public relations aspects of safe deposit department operation.

## Kentucky School

THE Kentucky School of Banking, sponsored by the KENTUCKY BANKERS ASSOCIATION, will be held June 8 to 13 at the University of Kentucky. The school program is designed for junior officers, key clerical personnel, tellers, bookkeepers and others who will one day be needed for a higher position.

The program will concentrate on two vital subjects, "Duties of a Cashier" and "Setting Up An Instalment Credit Operation in a Country Bank." The first subject will be covered by a group of active cashiers who will go over, in detail, their executive duties in running their banks. The objective is to present the students with a practical picture of the problems and decisions they must be ready to face as they take on added responsibility.

The second area of emphasis will present a step-by-step procedure for setting up an instalment credit operation for even the smallest bank.

In addition, a panel on "Legal Questions in Everyday Bank Operations" will give comprehensive instruction on problems that keep popping up regularly. The balance of the week will be devoted to such subjects as an investment program for smaller banks, credits, public relations, and other pertinent topics.



  
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# BANKING NEWS

## A.I.B. Will Honor Jones, Stonier, and Larson at Convention

### Travers in Line for Institute Presidency

Jesse H. Jones, chairman of the board of the National Bank of Houston, Texas; Dr. Harold Stonier, executive manager of the American Bankers Association and director of The Graduate School of Banking; and Floyd W. Larson, executive secretary of the Minnesota Bankers Association, will be honored by the American Institute of Banking at its 50th annual convention at the Rice Hotel in Houston on June 2-6. Alton P. Barr, president of the Institute and vice-president, Security Commercial Bank, Birmingham, Ala., made the announcement.

All of these men have been closely identified for a number of years with the development of the Institute, which is the educational section of the American Bankers Association.

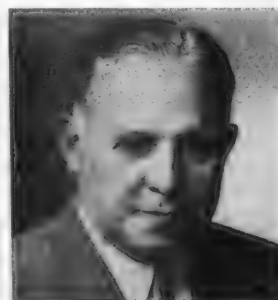
In 1952 Dr. Stonier celebrates his 25th anniversary as an officer of the A.B.A. and his 15th anniversary as its executive manager. He will be honored at the first general session of the Houston convention for his contribution to banking education as the national educational director of the Institute from 1927 to 1940; and for the inspiration and guidance he has given it since he became executive manager of the A.B.A.

Mr. Larson, who was appointed assistant secretary of the Institute on November 1, 1937, national secretary in June 1940, and who resigned on March 1, 1952 to accept the executive secretaryship of the Minnesota Bankers Association, will also be recognized at the first general session of the convention for his service to the A.I.B.

Mr. Jones, donor of the Jesse H. Jones National Convention Debate Fund, will be present at the convention debate on June 3 and will be honored by the Institute. The Jones National Debate Fund, established in June



Jesse H. Jones



Floyd W. Larson

1948, provides \$2,500 annually to finance the A.I.B.'s national debate program.

### Speakers

Speakers representing a wide range of banking and educational activities are included in the Institute's 50th convention program, Mr. Barr said. The featured addresses at the two general sessions will be given by Dr. Stonier and the Reverend William Hills, vicar of Cadboro Bay, Victoria, British Columbia. C. Francis Coker, president of the A.B.A. and of The First National Exchange Bank of Roanoke, Va., will greet the convention at the second business session.

The two general sessions are scheduled for Monday, June 2, and Friday, June 6. Much of the intervening time will be devoted to a series of departmental and institute conferences on the various phases of banking and Institute activities. Other features of the five-day meeting will be the National Public Speaking Contest for the A. P. Giannini Educational Endowment prizes; the National Publicity Exhibit; and the election of Institute officers for 1952-53. Martin J. Travers, vice-president of



Dr. Harold Stonier



Alton P. Barr



Martin J. Travers

The Marine Trust Company of Western New York, Niagara Falls, and vice-president of the A.I.B., has been nominated for the Institute presidency.

Supplementing the business and educational activities of the convention is a program of social events arranged by the Houston convention Committee.

A display of bank equipment and supplies will be held in the Rice Hotel to give delegates an opportunity to see the latest developments in bank operations.

Special trains are bringing delegates to Houston from the Atlantic Coast and the Far West.

The convention story will appear in July BANKING.

## Improved Lender's Loss Payable Clause Expected by A.B.A.

### Endorsement of Fire and Extended Coverage

The Insurance and Protective Committee of the American Bankers Association expects the Southeastern Underwriters Association and the Western Actuarial Bureau to recommend adoption of an improved lender's (commodity) loss payable clause similar to the one recommended last October by the Eastern Underwriters Association for adoption by fire insurance rating organizations in 11 northeastern states and the District of Columbia. The clause is an endorsement to fire insurance and extended coverage policies, according to the semi-annual report of Committee activities.

### Favorable Contrast

Harry F. Harrington, vice-president of The Boatmen's National Bank, St. Louis, and chairman, the Insurance and Protective Committee, says: "In favorable contrast to the short and so-called 'simple' loss payable clause, the new form contains the following essential features:

"(1) The lender or mortgagee (bank) alone is named as loss payee to the extent of its interest, instead of being named joint payee with the borrower.

"(2) The insurance shall not be impaired or invalidated by any act or neglect of the borrower, nor by any change in the title or ownership of the mortgaged property, etc., provided that in case the borrower neglects to pay any premium due, the lender or mortgagee shall on demand pay such premium.

"(3) In the event of cancellation, the insurance continues in force for the benefit only of the lender or mortgagee for 10 days after notice of cancellation to the lender.

"The new clause follows the form used by some of the large city banks and embodies all the important features of the mortgagee clause in the 1943 standard fire policy for real estate. Its broader and clearer terms are particularly advantageous to thousands of smaller banks whose insurance on commodity loans have been

(CONTINUED ON PAGE 82)

## A.B.A. Executive Council Asks Intensified Efforts for Bank Holding Company Law

Recognizing the importance of obtaining agreement among the Federal supervisory agencies and all banker groups on bank holding company legislation to be considered by Congress, the Executive Council of the American Bankers Association adopted a resolution at the closing session of its Spring Meeting in White Sulphur Springs, W. Va., directing the Interim Committee of the Association to "continue and intensify" its efforts in that direction. The resolution adopted reads as follows:

### Resolution

"RESOLVED, That the American Bankers Association hereby directs the Interim Committee to continue and intensify its efforts with the Federal supervisory agencies and with other interested groups to bring about appropriate bank holding company legislation consistent with the principles heretofore enunciated in the resolutions adopted by this Association at Boston and Detroit."

Rudolph E. Reichert, chairman of the A.B.A. Committee on Federal Legislation, announced that analyses of previous and current holding company bills and testimony had been made and that similar analyses of the reports of the three Federal supervisory agencies will be made as soon as they are available with a view to speedy carry-

ing out of the directives given in the resolution. Mr. Reichert is president of the Ann Arbor Bank, Ann Arbor, Mich.

## "Sam" Needham, Haynes McFadden, Cited by Bankers

Other developments at the A.B.A. Executive Council meeting at "The Greenbrier" in White Sulphur Springs included the presentation of testimonials to Delos J. (Sam) Needham, former general counsel of the A.B.A., and Haynes McFadden, secretary of the Georgia Bankers Association. Presentations were made by President C. Francis Cocke, who is president of The First National Exchange Bank of Roanoke, Virginia.

Mr. Needham retired on Feb. 1 as general counsel of the A.B.A., to devote his time to the editing of a news letter on banking. The testimonial to Mr. Needham reads:

"The Executive Council of the American Bankers Association presents this testimonial to Delos J. (Sam) Needham, in recognition of his 19 years of conscientious service to the Association as its general counsel and secretary of the Federal Legislative Committee."

The McFadden citation reads:

"The Executive Council of

## 42 Chapters to Have Publicity Entries at Houston Convention

### Awards Are Made in Three A.I.B. Divisions

Forty-two chapters of the American Institute of Banking entered the 1952 National Publicity Exhibit, according to Frances E. Sammons of The Fulton National Bank, Atlanta, Ga., chairman of the A.I.B.'s National Publicity Committee. This is the largest number of entries since the exhibit was begun in 1908.

The exhibit will be held in Houston, Texas, on June 5, as part of the Institute's 50th annual convention. Scrapbooks containing newspaper clippings, programs, photo-

graphs, and similar promotion material for the entering chapters will be put on display in the afternoon and will be judged for appearance and content by three judges. Entries for this year's exhibit by divisions are:

**Class A:** Boston, Mass., Chicago, Cincinnati, Cleveland, Dallas, Kansas City, Mo., Los Angeles, Minneapolis, New York, Pittsburgh, Richmond, Rochester, St. Paul, San Francisco, Seattle, and Washington.

**Class B:** Albany, N. Y., Atlanta, Charlotte, N. C., Grand Rapids, Mich., Hartford, Conn., Indianapolis, Nashville, Tenn., New Haven, Conn., Norfolk - Portsmouth, Va., Oakland County, Mich., Oklahoma City, Omaha, Pas-

saic County, N. J., Sacramento, San Antonio, Scranton, Pa., Toledo, O., Virginia Peninsula, Virginia.

**Class C:** Battle Creek, Mich., Elmira, N. Y., Fort Wayne, Ind., Merrimack Valley, Mass., Nassau County, N. Y., Pinellas County, Fla., San Bernardino County, Cal., Westmoreland County, Pa.



Frances E. Sammons

graphs, and similar promotion material for the entering chapters will be put on display in the afternoon and will be judged for appearance and content by three judges.

Entries for this year's exhibit by divisions are:

**Class A:** Boston, Mass., Chicago, Cincinnati, Cleveland, Dallas, Kansas City, Mo., Los Angeles, Minneapolis, New York, Pittsburgh, Richmond, Rochester, St. Paul, San Francisco, Seattle, and Washington.

**Class B:** Albany, N. Y., Atlanta, Charlotte, N. C., Grand Rapids, Mich., Hartford, Conn., Indianapolis, Nashville, Tenn., New Haven, Conn., Norfolk - Portsmouth, Va., Oakland County, Mich., Oklahoma City, Omaha, Pas-

saic County, N. J., Sacramento, San Antonio, Scranton, Pa., Toledo, O., Virginia Peninsula, Virginia.

**Class C:** Battle Creek, Mich., Elmira, N. Y., Fort Wayne, Ind., Merrimack Valley, Mass., Nassau County, N. Y., Pinellas County, Fla., San Bernardino County, Cal., Westmoreland County, Pa.

President Cocke, left, welcomes the A.B.A.'s official family to the meeting of the Executive Council. Right, Guy Sturgeon, president, Bank of Commerce, Sheridan, Wyoming, and president, A.B.A.'s State Bank Division, reports to the Council on the work of his Division. Others, left to right, Henry M. Sommers, A.B.A. assistant general counsel and assistant to executive manager; William B. Gladney, president, Fidelity National Bank of Baton Rouge, La., and A.B.A. treasurer; W. Harold Brenton, president, State Bank of Des Moines and Vice-president of A.B.A.; President Cocke, Dr. Harold Stonier, A.B.A. executive manager and director of The Graduate School of Banking; and Merle E. Selecman, A.B.A. secretary and deputy manager





## New Customer Coupon Envelope Is Designed by A.B.A. Commission

### Adoption as Standard Would Aid Efficiency

In an effort to streamline the sorting, listing, and collection of bond coupons by banks, the Bank Management Commission of the American Bankers Association has designed a new customer coupon envelope and is recommending its use to all banks. The new envelope was announced by James H. Kennedy, chairman of the Commission and vice president and cashier, The Philadelphia National Bank, Philadelphia.

The design of the envelope puts the name of the issue, place payable, and amount in prominent positions for easy sorting and listing in the banks. The use of a uniform envelope throughout the banking system will simplify the collection of coupons. It is intended to be filled out by the customer presenting the coupon for collection. Coupons which must be sent to other institutions for collection can be transported sealed in the uniform envelope; and since employees of that bank will be familiar with handling these envelopes due to the standardized form, the collection procedure will be more efficient

## Improved Lender Clause (CONTINUED FROM PAGE 80)

limited to the 'simple' forms of payee clauses which provided none of the features described."

The Committee report continues: "Many banks have increased the amounts of their blanket bonds with particular reference to the fidelity insuring clause. This is a healthy sign not only in improving the protection enjoyed by individual banks, but also in helping maintain the present schedules of premium rates which continue at the lowest levels in the history of banking."

"Loss experience under bankers blanket bonds during 1951 has not been tabulated, but recent conferences with rating authorities indicate that the experience in 1951 will develop about the same loss ratio under bankers blanket bonds as in 1950 when the rate of losses to premiums was 41.2 percent. In a few words, barring a substantial upturn in the amounts of insured losses, we anticipate no increase in blanket bond rates during the current year."

"... sufficient insurance is important not only for protection in the event of

and much more economical.

The envelope is the latest step in the Commission's program to standardize the forms used in bank operations.

## Largest G. S. B. Graduating Class to Get Diplomas in 1952; Enrolments Tax Capacity

The 16th graduating class at The Graduate School of Banking will be the largest in the school's history—338. The graduation exercises will be on Friday evening, June 27. This year's resident session at Rutgers University, New Brunswick, New Jersey, is set for June 16 through 28.

This will be the 18th session of the school, and as usual enrolment taxes capacity. Preliminary figures show over 1,050 bank-officer students, and they'll come to Rutgers from 42 states, the District of Columbia, Brazil, Trieste, and Sweden. Final figures on the entering students are not yet available, but will be in the neighbor-

hood of 360-370. Eligible for their second session are 353.

The school's faculty now numbers 58, plus 25 special lecturers, and the 77 man (exclusive of faculty) panel of thesis examiners who will be functioning on the Saturday prior to the opening of the school. The annual Friday Evening Economics Seminar lecture of Dr. W. Randolph Burgess, chairman of the executive committee of the National City Bank of New York, will be delivered on June 20. The Monday evening seminar, June 23, will be addressed again by Dr. T. V. Smith, professor of Politics and Philosophy, Syracuse University.

Since The Graduate School of Banking was founded in 1935, 2,846 banker-students have received its diploma. The first session was in 1935, but since it requires three annual sessions for graduation, the first graduating class was in 1937. Thus this year's session will be the 18th; the graduating class will be the 16th. From these students have come 494 theses considered of such special merit that they have been included in the financial library at Rutgers University and in the Library of the A.B.A.

No age limits are set for applicants for the school. The average age of all students is 39.7 years.

total destruction of property, but also to permit full recovery of partial losses under the 80 percent or 90 percent co-insurance clause. The Committee again urges that banks appraise and reappraise the insurable values of real property in which they are interested as owner, mortgagee, trustee, or in any other capacity, to make certain the amounts of insurance carried are adequate.

"The same note of caution regarding adequacy in amounts of insurance applies to public liability insurance against bodily and property damage suffered by others."

The A.B.A. official family listens to a committee report at Executive Committee Meeting





## Savings and Junior Achievement Manuals In A.B.A. PR Series

Two new manuals in the public relations series of the Public Relations Council of the American Bankers Association are now in preliminary preparation. One is a new booklet on savings and the other will be devoted to the development of Junior Achievement organizations.

A public opinion poll and a banker opinion survey are being made to obtain material for the savings booklet.

The manual on Junior Achievement operations will be designed to show how Junior Achievement companies can be sponsored by banks in their own communities as a counterpart to 4-H Club and Future Farmers of America activities.

## 40 Banks Joined A.B.A. in March, April; Total Membership 16,735

Forty banks in 20 states became members of the American Bankers Association during March and April, bringing the Association's total membership to 16,735, reports T. J. O'Brien, chairman of the Organization Committee. Mr. O'Brien is vice-president of the Second National Bank, Houston.

As of April 30, the A.B.A. membership was made up of 14,297 banks in the United States, 2,272 branches, and 166 banks in U. S. territories and foreign countries. The Association has members in Alaska, Hawaii, Puerto Rico, Virgin Islands, Bermuda, Brazil, Canada, Cuba, England, France, India, Japan, Mexico, Philippine Islands, and Salvador.



D. James Pritchard

There are now 18 states and the District of Columbia in which every bank is a member of the A.B.A., and seven states in which there is only one nonmember bank.

The A.B.A. membership represents 98.2 percent of the U. S. banks by number, and over 99 percent of banking resources.

## D. James Pritchard Named Chairman of Cleveland Convention

Cleveland will be the scene of the 1953 convention of the American Institute of Banking and a Cleveland banker, D. James ("Jim") Pritchard, vice-president of the Society for Savings, will serve as the general convention chairman, according to George Lanzendorf, president of Cleveland Chapter, A.I.B.

The first national A.I.B. convention was held in Cleveland in 1903. The Cleveland delegation will go to Houston in June, the site of this year's convention, where Mr. Pritchard will officially extend the local chapter's invitation.

Mr. Pritchard holds the prestandard and standard certificates of the Institute and is an alumnus of The Graduate School of Banking.

## CALENDAR

### American Bankers Association

June	2-6	American Institute of Banking Annual Convention, Rice Hotel, Houston, Texas
June	16-28	The Graduate School of Banking, Annual Session, Rutgers University, New Brunswick, New Jersey
Aug.	13-15	Western Regional Trust Conference, Olympe Hotel, Seattle, Washington
Sept.	28- Oct. 1	78th Annual Convention, Atlantic City, New Jersey
Nov.	10-11	Regional Savings and Mortgage Conference, Hotel Nicolle, Minneapolis
Nov.	13-14	Mid-Continent Trust Conference, Adolphus Hotel, Dallas, Texas

### State Associations

June	2-4	Illinois, Sherman Hotel, Chicago
June	2-4	Pennsylvania, Chalfonte-Haddon Hall Hotel, Atlantic City, N. J.
June	4-5	Ohio, Neil House, Columbus
June	6-7	Wyoming, Saratoga Inn, Saratoga
June	7	Nevada, Nevada Hotel, Ely
June	8-10	Idaho, The Lodge, Sun Valley
June	11	Rhode Island, Industrial Trust Company, Providence
June	11-12	Minnesota, St. Paul Hotel, St. Paul
June	11-15	Dist. of C., The Homestead, Hot Springs, Va.
June	12-14	Colorado, Colorado Hotel, Glenwood Springs
June	12-14	Massachusetts, New Ocean House, Swampscott
June	13-14	Utah, Grand Canyon Hotel, North Rim
June	13-14	New Hampshire, Wentworth-by-the-Sea, Portsmouth
June	13-14	Vermont, Equinox House, Manchester
June	15-17	Oregon, Marion Hotel, Salem
June	16-18	Wisconsin, Schroeder Hotel, Milwaukee
June	19-21	Montana, Many Glacier Hotel, Glacier National Park
June	19-21	New York, Spring Lake, N. J.
June	19-21	Washington, Chinook Hotel, Yakima
June	20	Connecticut, Equinox House, Manchester, Vermont
June	20-22	Maine, Poland Spring House, Poland Spring

June	26-29	Michigan, Grand Hotel, Mackinac Island
June	27-28	New Jersey Savings, Monmouth Hotel, Spring Lake
July	18-19	West Virginia, The Greenbrier & Cottages, White Sulphur Springs
Sept.	11-14	Mass. Savings, Mt. Washington Hotel, Bretton Woods, N. H.
Sept.	21-24	Maine Savings, Wentworth-by-the-Sea, Portsmouth, N. H.
Oct.	14-15	Connecticut Savings, Mountain View House, Whitefield, N. H.
Oct.	17-18	New Hampshire Savings, Fall Meeting, Mountain View House, Whitefield
Oct.	19-21	Kentucky, Brown Hotel, Louisville
Oct.	19-22	Iowa, Fort Des Moines Hotel, Des Moines
Nov.	5-7	New York Savings, Greenbrier and Cottages, White Sulphur Springs, W. Va.
Nov.	10-11	Nebraska, Lincoln
Nov.	20-22	Arizona, Arizona Biltmore, Phoenix

### Other Organizations

June	12-14	Savings Banks Insurance Forum, Rochester, N. Y.
July	28- Aug. 9	FPRA School of Financial Public Relations, Northwestern University, Chicago campus
Aug.	10-23	School of Consumer Banking, University of Virginia, Charlottesville
Sept.	24-26	National Association of Supervisors of State Banks, Lord Baltimore Hotel, Baltimore, Maryland
Sept.	25-27	New York State Safe Deposit Association, Annual Convention, Hotel Claridge, Atlantic City
Sept.	26-28	Association of Bank Women, Annual Convention, Atlantic City, New Jersey
Sept.	29- Oct. 2	Mortgage Bankers Association of America, Annual Convention, Conrad Hilton Hotel, Chicago
Oct.	19-22	Consumer Bankers Association, Annual Meeting, The Greenbrier, White Sulphur Springs, West Virginia
Oct.	20-23	Financial Public Relations Association, Annual Convention, Hotel del Coronado, Coronado, California
Oct.	27-30	National Association of Bank Auditors and Controllers, Annual Convention, Hotel Schroeder, Milwaukee

# Trust Service

News and Comment from Our Trust Division and Other Sources

## Institute of Estate Planning

N. BAXTER MADDOX, vice-president and trust officer of the First National Bank of Atlanta, Georgia, was elected chairman of Georgia Bankers Association's Committee on Trust Affairs for 1952-53 following the second annual Institute on Estate Planning conducted by the School of Law of The University of Georgia through the Division of General Extension. Mr. Maddox is chairman of the Executive Committee of the A.B.A. Trust Division.

The Institute's one-day curriculum included addresses on the following topics: "Current Problems in Estate Planning," by Joseph Trachtman of the New York Bar; "Mitigating the Hazards of Trust Practice in Georgia," by Richard R. Powell, professor of law, Columbia University; "The Administration and Judicial Management of Estates and the Need for a Code of Probate Procedure," by Bond Almand, Justice of the Supreme Court of Georgia; and "An Estate Plan," by Furman Smith of the Atlanta Bar.

Thirty-five trust men attended the 1952 Institute.

According to James J. Lenoir, professor of law and chairman of the Estate Planning Institute, the University is developing an extension of the curriculum to include a series of courses for second-year students. Professor Lenoir, in developing the curriculum, is in constant consultation with Georgia attorneys and bankers. Atlanta trust men also cooperate by discussing trusts before his classes.

## Philanthropy and Higher Education

THE 1952 edition of *Estate Planning and Education*, dealing with bequests, trusts, and special gifts and published by Pomona College, is a digest of the subject of philanthropy in the field of higher education.

This 60-page book shows what careful estate planning can do towards the presentation of an estate and explains how testamentary gifts to education can reduce or eliminate the different taxes. It also includes many tax tables with work examples as well as sample legal forms for the making of a gift by will.

Although designed primarily for attorneys and trust officers, nevertheless the booklet has been made available for distribution to the public without cost. Write to the Public Relations Office, Pomona College, Sumner Hall, Claremont, California.

## "Greatest Single Development . . ."

"THE 'Prudent Man Rule' is basically as sound today, as a principle for trustees to follow in handling other peoples' money, as it was when pronounced 122 years ago by Justice Samuel Putnam of Massachusetts Supreme Judicial Court," says George Putnam, great, great grandson of Justice Putnam, with whom the present "Prudent Man Rule" originated. George Putnam is a trustee by profession, acting in this capacity as one of the trustees of The George Putnam Fund of Boston.

In the case of Harvard College vs Amory, back in 1830, Justice Putnam declared that a trustee "shall conduct himself faithfully and exercise a sound discretion. He is to observe how men of prudence, discretion and intelligence manage their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income, as well as the probable safety of the capital to be invested."

Mr. Putnam describes mutual funds as "the greatest single financial development of the century for the benefit of investors generally."



CHICAGO DAILY NEWS

The *Chicago Daily News* raised a \$12,723 fund for nine young orphans, after their mother, Mrs. Rose Green, drowned in the Des Plaines River near her home in Willow Springs, Illinois, in a futile effort to rescue her 16-year-old daughter. Probate Judge William F. Waugh, seated, places the fund with the Chicago Title & Trust Company. Standing, Karl H. Velde, Chicago Title trust officer; R. E. Law, president, Marine National Bank, retiring trustee; Attorney Thomas J. Carroll; Patricia Green, 15; and her paternal grandparents, Mr. and Mrs. Millard Green.

## "Investment Programming"

IN a recent discussion of "Investment Programming," Murray C. Trescott, vice-president, First Bank and Trust Company, South Bend, Indiana, included material on diversification for the average trust.

### Equities

"As recently as 10 or 12 years ago," said Mr. Trescott, "the more progressive of the trust institutions were of the opinion that not more than 15 to 20 percent of the average trust fund should be invested in equities. Five years ago this percentage figure had moved up to around 35 percent, and a recent survey made of some of the largest trust institutions in other parts of the country showed that their sights had been raised to 50 percent. One of the most conservative institutions contacted reported, 'a minimum of 50 percent in common stocks.'"

"Our own investment policy and programming for the average account has conformed to this changing policy. The policy is not an inelastic one and must be tempered to conform with existing market trends. . . . This phase of our trust work is reviewed frequently and, depending upon the economic and market outlook, our average trust, for example, might be only 25 or 30 percent invested in common stocks a year or two from now."

### Investment Service Use

On the subject of investment services, Mr. Trescott said: "If all of us are sincere in our desire to develop additional trust business, we should also admit that we cannot convince either our customers or prospects of our knowledge and abilities by quoting some 'canned' information, or referring to an attractively wrapped package of investment advice

we have purchased. There is no substitute for mature judgment and experience within your own institution—someone who can devote part of his time to becoming thoroughly acquainted with the subject of investments so that you can arrive at your own decisions. . . .

"It goes without saying that the so-called printed services, such as manuals, supplements, and weekly publications are a must. . . . The action which you take with respect to either the sale or purchase of securities should be with great conviction, which only can come as the result of a little hard work—digging for yourself."

Other sources of investment information mentioned by Mr. Trescott include: "able independent research organizations"; "leading investment banking and brokerage houses which have in recent years developed good research departments of their own"; and correspondent banks.

"We have made it a very important part of our information source," said Mr. Trescott, "to use the facilities that the trust investment departments of our correspondent banks have been most willing to make available to us. You may be surprised as to the availability of some very worthwhile material."

# Housing and Mortgage Credit

News and Comment from Our Savings and Mortgage Division and Other Sources

## Housing Bill of 1952

AN increase in the advance commitment authority of the Federal National Mortgage Association of \$1.3-billion and placing on a permanent basis the temporary farm housing aid program of the Housing Act of 1949, as provided in Senate Bill 3066 introduced by Senator Maybank and now being considered by the Senate Banking and Currency Committee, were vigorously opposed by the American Bankers Association in a statement filed with the Senate Committee.

"The proposed amount is large enough to more than take care of the placement with FNMA of all mortgages which may be made on programmed housing in defense areas or on housing in disaster areas," the Association said. "If the defense and disaster mortgages should average \$8,000 apiece, the \$1.3-billion would provide a market for mortgages on 162,500 housing units. This is more than is reliably estimated as the maximum number of housing units which may be started in defense areas in the year ending June 30, 1953."

Emphasizing the lack of need for the large commitment authority proposed for the FNMA, the A.B.A. pointed out that savings are increasing at an accelerated rate and "a more favorable economic climate is developing for placement of mortgages in the private secondary markets."

The statement also stressed the seriousness of placing such an added burden on the Treasury.

On the provision for putting the direct governmental farm housing aid program on a permanent basis, the A.B.A. said that "This program was originally intended to meet a presumed temporary emergency and was set up on a limited basis." It repeated its statement made to the 80th Congress in regard to the farm housing aid program, stating: "This statement applies to today's conditions just as much as, if not more than, it did to the conditions existing in 1947 when it was presented. It is time to call a halt to paternalistic experiments by government as exemplified by this program."

"We urge that this program be terminated and to that end that the amendments to Title V of the Housing Act of 1949, as amended, contained in Section 11 of S. 3066, which would continue this program on a permanent basis, be eliminated from the bill."

The principal provisions of S. 3066 include:

- (1) An additional authorization of \$1-billion for FHA, with power in the President to allocate amounts to various titles of the National Housing Act.
- (2) Authorizes \$1,300,000,000 advance commitments privileges to FNMA for the purchase of mortgages on defense or disaster housing made after February 29, 1952.
- (3) Additional appropriations for defense community facilities and services of \$100,000,000, and \$200,000,000 for Federal defense housing.
- (4) Makes permanent an authorization under the Housing Act of 1949 for farm housing and development loans,

and adds \$2,000,000 annual contributions to support them.

Subsequent to hearings on the bill last month, Senator Fulbright proposed an amendment which would permit Federal savings and loan associations to invest in FHA or VA insured loans beyond the restricted 50-mile limit from their home offices.

## Higher Rate on Defense Housing Loans

THE A.B.A. Savings and Mortgage Division's Committee on Real Estate Mortgages has gone on record as favoring a mortgage rate of interest sufficient to compensate for the added risks to investing institutions in emergency housing areas. The Committee's statement reads:

"... Because of risks inherent in financing homes in areas developed for emergencies it is necessary, in order to attract investment funds, to provide a mortgage rate of interest sufficient to compensate for the added risks to investing institutions. The authorization of higher rates of interest on FHA mortgages and higher rates of interest on *debentures* (which the investor receives in the event of foreclosure) would result in private industry being able to finance a substantial portion of that type of building and, therefore, greatly reduce, and possibly eliminate, the need for such financing by the Government."

Wendell T. Burnes, senior vice-president, Northwestern National Bank of Minneapolis and vice-president of the S&M Division, is chairman of the Committee.

## Sees Real Estate Decline

BASED on his prediction on an 18-year cycle, William Baxter, chief economist of the International Economic Research Bureau of New York City, warns that the real estate and building industries face an overdue and long decline. He says that the fact that the downturn has been postponed doesn't mean it will be avoided. The 100-year building and price chart shows that a complete cycle, including all its phases, averages 18 years.

Mr. Baxter points out that because the present boom has carried on for so long, and to such excessive heights, the impending downtrend may last longer and go deeper than the nine-year average.

Continuing, he said: "Realty history confirms that great office buildings and hotels are always built at the tail end of a boom. And that the mortgage total today is at an all-time high of more than \$87,000,000,000—about two and a half times that at the close of 1945."

"Mortgages on one- to four-family houses totaled \$53,500,000,000 at the end of 1951, compared with \$19,700,000,000 at the close of 1945, with a \$10,000,000,000 annual boost in the last two years."



## Mortgage Investment Experience

DATA obtained from a sample study of 170 commercial banks indicate, when compared with similar data for life insurance companies, that mortgage investment experience varies only narrowly from one type of financial institution to another, Dr. Raymond J. Saulnier, director of the financial research program of the National Bureau of Economic Research, reports.

Carl F. Behrens, in the study *Commercial Bank Activities in Urban Mortgage Financing*, published by the Bureau, and Dr. Saulnier, in a comparison of the Behrens' findings with similar results for life insurance companies, found that the gross income of the majority of the responding commercial banks on their mortgage loan portfolios ranged from 4.26 to 4.75 percent of the average loan investment.

The range is somewhat higher than the gross income earned by life insurance companies, Dr. Saulnier says. But costs as an average of the average loan investment for a group of banks was 1.35 percent, and for a comparable group of insurance companies 1.2 percent.

As of 1947, the ratios of net income to average loan investment of the commercial banks and the life insurance companies were about 3 percent.

Direct mortgage lending by banks for their own account is rapidly expanding, Mr. Behrens found.

The banks in Mr. Behrens' survey were nearly 75 percent of all those with mortgage portfolios of \$8,000,000 or over as of mid-1945, around 50 percent of those with mortgage holdings of from \$4,000,000 to \$8,000,000, but only 1 percent of those with mortgage portfolios of less than \$4,000,000.

When loans made by insurance companies and banks over the period 1920-46 are classified according to the year of origin, and the percentage of loans in each year which eventually went to foreclosure is calculated, the mortgage experience of the commercial banks is found to have been consistently better than that of the life insurance companies, Dr. Saulnier says.

For all types of property combined, only 3.2 percent of the mortgage loans made by the commercial banks eventually went to foreclosure. Of the insurance company mortgage loans, 8.2 percent were so terminated.

But the commercial banks' losses on one- to four-family properties on loans originated in 1920-47 were nearly 24 percent of the original amount of the loans foreclosed. For the life insurance companies, the losses amounted to less than 10 percent. On other properties the losses ran 36 percent for the banks, 14 percent for the insurance companies.

Considerably more than half of the amount of urban mortgage loans held by the commercial banks studied was secured by one- to four-family dwellings. The proportion for insurance companies is smaller but similarly concentrated. The great bulk of loans is under \$10,000.

## Housing Authority Largest Landlord

THE New York City Housing Authority, with 54,000 completed apartments and a \$30,000,000 annual rent roll, is the largest individual landlord in the United States, Walter H. Nelson, assistant vice-president of the East River Savings Bank, New York City, recently told an American Legion group.

"The Authority employs 4,700 persons who are paid approximately \$14,500,000," said Mr. Nelson. "During the year 1951, the Authority completed 14,400 apartment units."

"It is estimated that the cost of the City of New York in the form of tax-exemption for the completed program of 135,000 apartment units [completed and planned] would approximate \$35,000,000, which, when reduced to each apartment, would average approximately \$225 per apartment per year." It was pointed out that this contribution would exist for perhaps 40 to 50 years and in actuality constitutes a pension.

"The Authority was able to build at this rate because it was permitted to borrow building loan money at less than 1 percent and was permitted to finance permanent mortgage money at 2 percent interest for a period of 40 to 50



Mortgage lending occupied an important place at the Pennsylvania Bankers Association first two-day lending conference. The mortgage loan panel, left to right, H. L. Parsons, vice-president, Berks County Trust Company. Reading; A. W. Charlton, vice-president, Provident Trust Co., Pittsburgh; J. E. Bucklacher, president, Cumberland County National Bank and Trust Co., New Cumberland. Moderator; M. K. Robb, president Bellefonte Trust Co.; W. W. Barr, processing supervisor, Western Savings Fund Society, Philadelphia.

years with an over-all charge of 4 percent which included amortization," said Mr. Nilson. "Reduced to units, this meant that the average taxpayer was contributing 4 percent of the cost of the apartment units plus the amount of tax-exemption, or a total of \$700 during the initial period. It was explained that this figure was reduced by reason of surcharge rent and net earnings during the period of operation of the individual project."

In conclusion, it was established that the operation of public housing was efficient and satisfactory.

As a requirement for graduation from The Graduate School of Banking, Mr. Nelson prepared a thesis on "Financing Operations of Public Housing Projects," a digest of which under the aforementioned title may be found in *Present Day Banking 1952*. The entire thesis may be borrowed from the A.B.A. Library.

## Housing "Around the World"

A "TOUR" of housing developments in 14 countries plus an over-all view of housing conditions in western Europe and Asia are featured in a special April "Around the World" issue of the *Journal of Housing*, published by National Association of Housing officials, Chicago.

How housing problems are being met—through public and private financing methods—in Austria, Japan, Mexico, Yugoslavia, South Africa, Canada, Germany, France, Italy, Ecuador, England, Puerto Rico and the Virgin Islands, Israel, and the Philippines are told in separate illustrated articles. Western Europe's problems are analyzed in another article and Asian housing conditions are summarized from a United Nations report. The United States' part in the international housing scene is described by Raymond M. Foley, Housing and Home Finance Agency administrator.

## Land Subdivision Regulations

A BOOKLET, *Suggested Land Subdivision Regulations*, designed to assist developers and local public officials to devise means for assuring that subdivision practices will promote sound community development, has just been published by the Housing and Home Finance Agency.

The booklet was prepared by the Division of Housing Research and the Planning and Engineering Branch of the Division of Slum Clearance and Urban Redevelopment, both in HHFA's Office of the Administrator, and the land planning section of the Federal Housing Administration. It is available through the Superintendent of Documents, U. S. Government Printing Office, Washington, D. C., at 45 cents.



# Savings

News and Comment from Our Savings and Mortgage Division and Other Sources

## Savings-Mortgage Conferences Scheduled

Two Savings and Mortgage Conferences will be held during next fall and winter under the auspices of the Savings and Mortgage Division of the American Bankers Association, according to Joseph Earl Perry, president of the Newton (Massachusetts) Savings Bank and president of the Division. The first Conference will be held in Minneapolis, Nov. 10-11, 1952; and the second will be held February 8-10, 1953, in Los Angeles.

The Regional Conference to be held in Minneapolis, Nov. 10 and 11, will be at the Hotel Nicollet under the general chairmanship of F. A. Amundson, vice-president, Midway National Bank, St. Paul. The Conference territory will include the states of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, and Wisconsin.

The Regional Conference to be held in Los Angeles, Feb. 8-10, 1953, will be at the new Statler Hotel under the general chairmanship of Joseph R. Jones, vice-president of the Security-First National Bank of Los Angeles. The Conference territory will include the states of California, Washington, Oregon, Idaho, Nevada, Utah, and Arizona.

## Individual Liquid Assets

LIQUID savings in 1951 amounted to \$13-billion, with almost three-fourths of the total saved in the last six months of the year, the Securities and Exchange Commission reports. Other savings information released by the Commission includes the following:

Individuals increased their holdings of currency and bank deposits by \$5,800,000,000 in 1951, compared with \$4,200,000,000 in 1950. Time and savings deposits rose by \$2,100,000,000. Individuals also added a record of \$2-billion to their investment in savings and loan association shares.

Net purchases of corporate securities in 1951 were higher than in any year since 1929. Corporate securities sold in 1951, net of retirements, amounted to \$7-billion. Individuals bought more than three-fourths of the new stock offerings, their net purchases amounting to almost \$2,200,000,000, of which \$650,000,000 represented conversions of bond holdings into stock issues.

Equity in private insurance rose by \$4,200,000,000, compared with \$3,900,000,000 in 1950.

## Long-Term Savings of Individuals in Selected Institutions

FIGURES released recently by the Home Loan Bank Board reveal the growth of savings by different types of lending institutions over a 10-year period. The trend in growth since the beginning of the year 1952 continues at a high rate.

(Dollar amounts in millions)

	Dec. 31 1941	Percent Distri- bution	Dec. 31 1951P	Percent Distri- bution	Percent Increase '41-'51
S & L Assns. ....	\$4,682	7.3	\$16,079	8.8	243.4
Life Ins. Cos. ....	26,592	41.5	57,000	31.3	114.4
Mut. Sav. Bks. ....	10,490	16.4	20,880	11.4	99.0
Commercial Bks. ...	15,523	24.2	36,592	20.1	135.7
Postal Savings ...	1,392	2.2	2,808	1.5	101.7
U. S. Sav. Bonds..	5,400	8.4	49,000	26.9	807.4
<b>Total .....</b>	<b>\$64,079</b>	<b>100</b>	<b>\$182,359</b>	<b>100</b>	<b>184.6</b>

P—Preliminary



A highlight of an open house held at the main office of the Philadelphia Saving Fund Society was a demonstration by school children of how savings accounts are opened in the city's schools. Above, Harriet L. Hunsworth, assistant director of PSFS's school and salary savings department, explains the operation to a group making the tour. More than 300 people toured Society's main office.

Mortgage debt rose by \$6-billion in 1951, \$1-billion less than the record amount incurred in 1950. Other consumer debt rose by only \$400,000,000 in 1951 compared with \$3,200,000,000 in 1950.

At the end of 1951 individuals had accumulated a total of \$340-billion of liquid assets, excluding corporate securities. Offsetting these assets, individuals had debts totaling \$61-billion. The composition of these holdings was as follows:

Individual Liquid Assets:	Billions of Dollars
Currency .....	\$24
Demand deposits in banks .....	53
Savings deposits in banks .....	59
Deposits in savings and loan associations .....	16
Private insurance .....	67
Government insurance .....	44
U. S. Savings Bonds .....	50
Other U. S. Government securities .....	17
State and local government securities .....	10
<b>Total Liquid Assets .....</b>	<b>\$340</b>
<b>Individuals Owed:</b>	
Mortgage debt .....	\$43
Consumer debt .....	18
<b>Total Debts .....</b>	<b>\$61</b>
<b>Individuals' Equity (liquid assets less debts) ..</b>	<b>\$279</b>

## Equities Investment Company

Now that the New York State savings banks are permitted to invest in equities for the first time, the Savings Banks Association of the State of New York has assumed the responsibility of developing a company for mutual investment.

Alfred C. Middlebrook, vice-president of the East River Savings Bank, New York City, and chairman of the association's investment committee, tells what the SBASNY has in mind:

"We are aware of the professional nature of a preponderance of present-day investment in common stocks and

we recognize that the cost of adequate facilities in research and analysis, trained personnel, and professional management would be impracticable for the savings bank. Yet such a background, or at least a reasonable approach to it, seems to be essential to sound and prudent procedure in common stock investment.

"The investment company, formation of which is contemplated by the New York State savings banks, would be of the open end management type, organized under the Investment Company Act of 1940, registered with, and subject to the regulation of the Securities and Exchange Commission."

## School Savings Depositors' Report

A REPORT in simple language has been sent to its 86,315 school savings depositors by the Dollar Savings Bank of

New York City, to the teachers and principals in the 129 schools taking part in the school savings program, and to other school officials and interested persons.

Included in the report are: (1) A message to the savers from President Robert M. Catharine; (2) "statement of condition" covering deposits, number of schools taking part, and deposits (aggregating \$4,065,534.98); (3) charts showing deposit and account growth; (4) invitation to school savers to visit the main office of the bank, with explanation of what tours cover; and (5) memorandum of "complete banking services for all the family."

Enclosed was a "special memo" to school savers telling them how to continue their savings plans during vacations.

Millicent A. Trichler, assistant secretary, is director of Dollar's school savings program. She is a member of the School Savings Committee of the A.B.A.

# Instalment Credit

## News and Comment from Our Instalment Credit Commission

### Instalment Credit

THE Consumer Credit Committee of the American Bankers Association has been renamed the Instalment Credit Commission, and Louis J. Asterita, committee secretary for the past eight years, has been promoted to deputy manager of the A.B.A. This action was taken at the recent spring meeting of the Executive Council of the Association.

The change of name was made in recognition of the fact that many types of credit with which the group has been concerned are not strictly consumer credit. The new name is more indicative of the group's work.

The Commission has listed five major objectives which are to receive consideration in developing its future activities. Briefly stated, they are:

(1) A broad educational program for banks now in this business.

(2) The establishment of an effective means of communication from the A.B.A. Instalment Credit Commission to state bankers associations—and vice versa.

(3) To furnish the public with factual information as to the commercial banks' activities in this field, together with an interpretation of the social and economic significance of this type of lending in our economy.

(4) To promote a better understanding between banking and industry, in particular with manufacturers of consumer durable goods; and

(5) Provide a liaison between the Commission and the national and state examining authorities in an endeavor to accomplish a better understanding of this banking function, and how to appraise it in examination.

The program is to include counseling with an advisory board, chosen geographically to represent the entire country. Provision for establishment of such a board was made at the A.B.A. Executive Council's spring meeting in a resolution adopted by the State Secretaries Section. The board is to work with the Commission to keep banks informed on trends and current developments, on better mechanics, on systems, procedure, forms, credit and fraud controls, and on developments which affect this type of banking function.

Paul M. Welch, chairman of the Commission and vice-president of The Citizens & Southern National Bank, Atlanta, notes that "a strong advisory board, represented by a senior group of instalment credit bankers, organized to

discuss current problems, to make studies and surveys, to formalize and encourage meetings at the local level, and to make such information available to the state bankers associations for distribution to their member banks, should result in a better understanding of this business. This program should assist banks materially in discharging their responsibilities to their communities and to extend this credit on a safe, sound, and profitable basis."

### Advocates Sound Policies in Absence of Regulation

Commenting on the suspension by the Federal Reserve Board of Regulation W, Mr. Welch on behalf of the Instalment Credit Commission voiced approval of the suspension. He noted that the A.B.A. never favored this type of Government regulation, believing that banks by voluntary and concerted action can effect whatever regulation or restrictions are needed, as was demonstrated in the restraint of agricultural, business, and industrial credit under the Voluntary Credit Restraint Program.

Mr. Welch urged bankers to oppose establishment of "easy credit" terms as a general practice. "The basic principle," he said, "upon which successful instalment credit financing can be administered is that the purchaser should have a sufficient downpayment to establish a substantial interest in the merchandise and should be able to pay regular monthly instalments sufficient to increase his equity faster than the merchandise depreciates from time and average use. In view of the current inventory situation in various lines of consumer goods, this principle is of great importance.

"As bankers, we know that credit policy should always be geared to current conditions. There is a need for reasonable flexibility in any credit policy.

"Now that Regulation W has been suspended, there is a danger that easier terms, shorter downpayments, and longer maturities on durable goods sales will be offered by some retailers to help them liquidate large inventories.

"Therefore, this Commission recommends the adoption of sound policies and the exercise of the principles of the Voluntary Credit Restraint Program in an endeavor to protect and fortify banking's position and responsibility."



Louis J. Asterita



## *Information...* **FOR BANKERS**

HANover 2-6000 is one of the best-known and most widely used telephone numbers in the banking industry.

Why?

Because thousands of Chase correspondents know that a call to that number gets *action* no matter how unusual their request may be.

**Who sells camel bells in Cairo? Where can I get a deck of five suit bridge cards? Can you supply us with a series of cartoons depicting an event in the life of a prominent Washington figure?**

Thousands of requests daily come through the huge switchboard at Chase, over the Bank Wire—and by mail. Each inquiry is handled the “Chase way”—promptly and with every effort to be as helpful as possible. Naturally, many of the requests are routine, but we like to think it’s the Chase willingness to serve our correspondents in more than the routine way that makes so many bankers say,

**“It Pays to Do Business With Chase”**

**THE CHASE NATIONAL BANK**  
OF THE CITY OF NEW YORK

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# News (Mostly Promotions) About G. S. B. Graduates

**T**HE *Morning Milk* is the official newspaper of The Graduate School of Banking, conducted by the American Bankers Association at Rutgers University. A special edition of the *Milk*, published in March, listed the promotions and other job changes of G.S.B. men that have occurred since December 1. Two deaths were reported.

As the *Milk* says, "Each year the number of pages devoted to this portion of the *Milk* grows longer, a most encouraging sign to us here at the New York office—for it means that the G.S.B. men are continuing to apply to their daily jobs the many benefits derived from their G.S.B. experience."

Here is the list:

## 1937

CLEVERDON, ERNEST G. (CB)—formerly cashier and vice-president, Merchants National Bank, Mobile, Ala.—now senior vice-president.  
DAVIS, CARLISLE R. (CB)—vice-president, State-Planters Bank and Trust Company, Richmond, Va.—now also a director.  
DONNELLY, FRANK E. (I)—vice-president and secretary, Monroe County Savings Bank, Rochester, N. Y.—now also a trustee.  
MISCHANKO, ARTHUR W. (CB)—vice-president and director, American Trust Company, New York—bank name changed from Pan American Trust Company.  
OGRAM, HAROLD (CB)—formerly vice-president and trust officer, Swarthmore National Bank and Trust Company, Swarthmore, Pa.—now president.

## 1938

CHERRY, GEORGE D. (T)—formerly vice-president, First National Bank, Jersey City, N. J.—now vice-president, Camden Trust Company, Camden, N. J.  
MACDONALD, WILLIAM F., JR. (CB)—vice-president, The County Trust Company—has moved from the Mamaroneck office to the Church and Main Street office in White Plains, N. Y.  
SCHADE, STANLEY J. (I)—formerly trust officer, Peoples First National Bank and Trust Company, Pittsburgh, Pa.—now assistant vice-president.

## 1939

BLODGETT, RUSSELL (CB)—formerly vice-president and cashier, First National Bank, Cooperstown, N. Y.—now president.  
BOOKER, CLAUDE H. (CB)—formerly vice-president and trust officer, First National Bank, Rome, Ga.—now executive vice-president and trust officer.  
BROOKS, LOUIS D. (CB)—formerly vice-president, Union National Bank, Charlotte, N. C.—now executive vice-president.  
ELKLAND, HERBERT (CB)—formerly vice-president and cashier, First National Bank, Wyckoff, N. J.—now executive vice-president, The Wood Ridge National Bank, Wood-Ridge, N. J.  
HAY, ALEXANDER G. (I)—formerly vice-president, Community Savings Bank, Rochester, N. Y.—now vice-president and comptroller.  
HICKEY, CHARLES J. (CB)—formerly secretary and assistant treasurer, New Britain Trust Company, New Britain, Conn.—now vice-president.  
MACDOUGALL, ROBERT E. (T)—formerly assistant vice-president, Girard Trust Corn Exchange Bank, Philadelphia, Pa.—now vice-president.  
MITCHELL, WALTER T. (CB)—formerly vice-president and cashier, National Bank of Logan, Logan, W. Va.—now executive vice-president.  
PATTON, ROY B. (CB)—formerly executive vice-president, American Exchange Bank, Henryetta, Okla.—now associated with the Security National Bank, Duncan, Okla.  
SPEARMAN, CARROLL R. (CB)—formerly senior vice-president, National Bank of Commerce, San Antonio, Tex.—now executive vice-president. Carroll has also been re-elected as president of the San Antonio Clearing House Association.  
WHITTON, ROBERT G. (CB)—is presently associated with Johnston, Lemon and Company, 115 North St. Asaph Street, Alexandria, Va.

## 1940

CHRISTIE, JOHN M. (I)—formerly assistant vice-president, The Riggs National Bank, Washington, D. C.—now vice-president.  
CRANDALL, GUY K. (T)—formerly secretary and trust officer, Marine Midland Trust Company, Binghamton, N. Y.—now vice-president.

GEE, EDWARD F. (CB)—formerly vice-president, State-Planters Bank and Trust Company, Richmond, Va.—now vice-president and secretary.  
MATTHEWS, T. WESLEY (I)—formerly assistant vice-president, Girard Trust Corn Exchange Bank, Philadelphia—now vice-president.

## 1941

DAVIS, O. EUGENE (T)—formerly vice-president, First National Bank, Beaumont, Tex.—now senior vice-president.  
DEVLIN, JOHN J. (T)—formerly trust officer, County Bank and Trust Company, Paterson, N. J.—now vice-president and trust officer.  
FLEET, HENRY L. (CB)—president North Fork National Bank and Trust Company, Mattituck, N. Y. Bank name formerly was Mattituck National Bank and Trust Co.  
We regret to announce the death of CLAUDE L. GUTHRIE (CB), vice-president and cashier of the Federal Reserve Bank, Richmond, Va.  
HEINRICH, JOHN (SM)—formerly assistant vice-president, Lincoln Savings Bank, Brooklyn, N. Y.—now vice-president.  
NODYNE, GEORGE O. (SM)—formerly executive vice-president and trustee, East River Savings Bank, New York, N. Y.—now president.  
OHLEYER, JOHN E. (CB)—formerly vice-president, Fidelity Trust Company, Indianapolis, Ind.—now executive vice-president.  
SCANLON, J. WALLACE (T)—formerly assistant vice-president and trust officer, Howard Savings Institution, Newark, N. J.—now vice-president and trust officer.  
STURDIVANT, GREELY (T)—formerly trust officer, Hartford National Bank and Trust Company, Hartford, Conn.—now vice-president and trust officer.  
TOPP, MARINUS J. (CB)—formerly assistant vice-president, Chemical Bank and Trust Company, New York, N. Y.—now vice-president.

## 1942

ANDERSON, PAUL N. (CB)—formerly comptroller, West Side Trust Company, Newark, N. J.—now treasurer.  
DURDIN, CHARLES B. (CB)—formerly assistant vice-president, First National Bank, Beaumont, Tex.—now vice-president.  
HALL, ALFRED T. (I)—formerly manager payroll department, Community Savings Bank, Rochester, N. Y.—now assistant secretary.  
HOBBS, DWIGHT W. (T)—formerly assistant trust officer, Central Trust Company, Cincinnati, Ohio—now trust officer.  
MURRAY, GORDON (CB)—formerly vice-president, First National Bank, Minneapolis, Minn.—now president.  
OSTRICH, JOHN A. (CB)—formerly cashier, Phoenix State Bank and Trust Company, Hartford, Conn.—now vice-president and cashier.  
REINHARDT, C. HENRY, JR. (CB)—formerly cashier, First National Bank, North Bergen, N. J.—now office manager, Gaess Outdoor Advertising Company, 313 19th Street, Union City, N. J.  
YINGLING, FRANK G., JR. (CB)—formerly auditor, Clifton National Bank and Trust Company, Clifton, N. J.—now with Industrial Television, Inc., 369 Lexington Avenue, Clifton, N. J.

## 1943

DAYNER, HARRY E. (CB)—formerly cashier and director, Upper Darby National Bank, Upper Darby, Pa.—now vice-president and director.  
MORRIS, DONALD I. (I)—formerly assistant trust officer, National City Bank, Troy, N. Y.—now assistant vice-president.  
PETERS, HERBERT J. (SM)—formerly treasurer, Community Savings Bank, Rochester, N. Y.—now vice-president and treasurer.  
SCHWALM, EARL G. (T)—formerly trust officer, Lincoln National Bank and Trust Company, Fort Wayne, Ind.  
TREIBER, WILLIAM F. (I)—formerly vice-president, Federal Reserve Bank, New York, N. Y.—now first vice-president.  
UTLEY, LAURIE F. (T)—formerly trust officer, LaSalle National Bank, Chicago, Ill.—now assistant vice-president and trust officer.  
WILPUETZ, EDWARD R. (SM)—formerly assistant treasurer, Howard Savings Institution, Newark, N. J.—now treasurer.

## 1944

BELHORN, LEROY W. (CB)—formerly assistant cashier, City National Bank and Trust Company, Columbus, Ohio—now cashier.  
HURLEY, JOHN E. (I)—formerly assistant trust officer, City Bank Farmers Trust Company, New York, N. Y.—now trust officer.  
HUNTZMAN, WILLIAM H. (CB)—formerly comptroller, First National Bank, Philadelphia, Pa.—now vice-president and comptroller.  
JOOR, SAMUEL F., JR. (CB)—formerly with W. O. Richards, Advertising, Lafayette Building, Syracuse, N. Y.—now with George D. B. Bonbright & Company in Syracuse.  
ROYCE, FRANK G. (T)—formerly trust officer, Provident Trust Company, Philadelphia, Pa.—now assistant vice-president.

## 1945

BROOKSHIRE, HOWARD L. (I)—formerly cashier, First State Bank, Arkansas Pass, Tex.—now cashier and vice-president.  
DWYER, JOHN E. (CB)—formerly assistant cashier, Phoenix State



Bank and Trust Company, Hartford, Conn.—now assistant vice-president.  
 RULON-MILLER, JOHN (I)—formerly assistant trust officer, City Bank Farmers Trust Company, New York, N. Y.—now trust officer.  
 STOVALL, JAMES B. (CB)—formerly assistant vice-president, Dry Dock Savings Bank, New York, N. Y.—now vice-president.  
 TREMPPE, CARL W. (CB)—formerly assistant vice-president, First National Bank, Boston, Mass.—now vice-president.  
 WASSMAN, FELIX S. (I)—formerly assistant secretary, Bank for Savings, New York, N. Y.—now assistant vice-president.  
 WAYNE, RICHARD H. (I)—formerly assistant vice-president, Harris Trust and Savings Bank, Chicago, Ill.—now vice-president.

#### 1946

CARR, PAUL A. (T)—formerly assistant secretary, Girard Trust Co. Exchange Bank, Philadelphia, Pa.—now assistant vice-president.  
 CHAPPELL, JOHN O., JR. (CB)—formerly assistant vice-president, Central Trust Company, Cincinnati, Ohio—now vice-president.  
 DUNKELMANN, EDWARD H. (CB)—formerly assistant cashier, Public National Bank and Trust Company, New York, N. Y.—now assistant vice-president.  
 FOWLES, WALTER LEE (I)—It is with deep regret that we announce the death of this member of the class of 1946, who was statistician of the Society for Savings, Cleveland, Ohio.  
 GREENER, EDWARD J. (CB)—formerly secretary, Union Bank, Erie, Pa.—now vice-president and secretary.  
 JONES, PAUL E. (CB)—formerly secretary, Indiana Trust Company, Indianapolis, Ind.—now vice-president and secretary.  
 KINSELA, JOHN J. (T)—formerly senior investment administration clerk, City Bank Farmers Trust Company, New York, N. Y.—now assistant trust officer.  
 SPITLER, JOHN H. (T)—formerly assistant trust officer, Cleveland Trust Company, Cleveland, Ohio—now trust officer.  
 WHITE, MELVIN E. (CB)—formerly assistant cashier, Bristol Bank and Trust Company, Bristol, Conn.—now assistant vice-president.  
 WURTS, JOHN H. (CB)—formerly assistant vice-president, Federal Reserve Bank, New York, N. Y.—now vice-president.  
 ZUECCA, HAROLD T. (CB)—formerly assistant vice-president, Broad Street Trust Company, Philadelphia, Pa.—now vice-president.

#### 1947

ARNOLD, CARL H. (T)—formerly head of the tax department, Irving Trust Company, New York, N. Y., has retired from the bank because of his health. He is living at 121 Lincoln Avenue, Mineola, N. Y.  
 BEHNDE, EDWARD A., JR. (T)—formerly assistant vice-president, American National Bank and Trust Company, Chicago, Ill.—now vice-president.  
 COLE, ALTON P. (SM)—formerly treasurer, Home Savings Bank, Boston, Mass.—now vice-president and treasurer.  
 CRAIG, WILMOT R. (T)—formerly vice-president, Lincoln Rochester Trust Company, Rochester, N. Y.—now vice-president and trust officer.

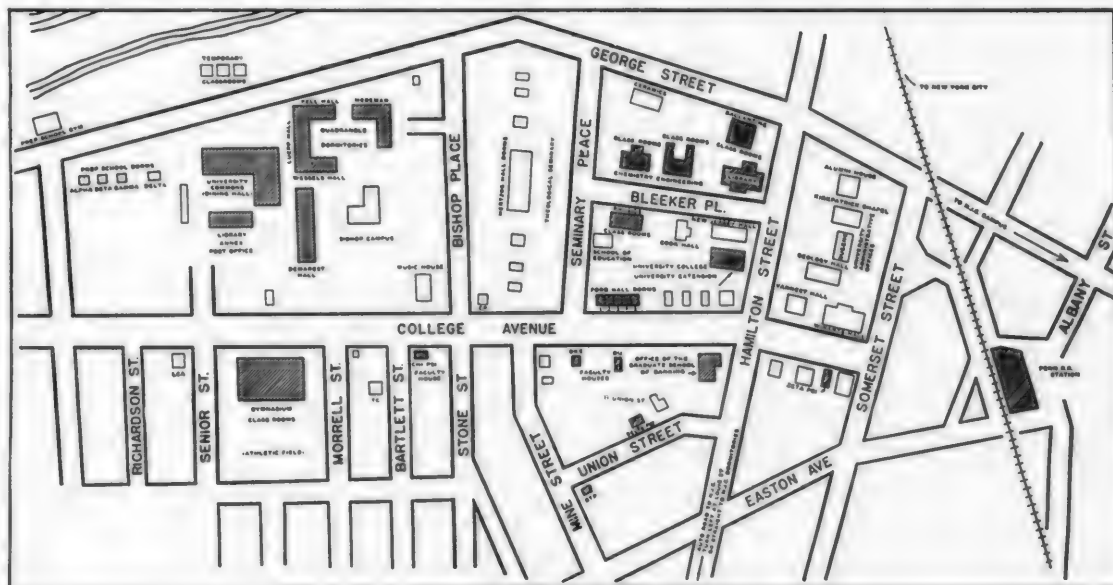
COLE, G. FRANK, JR. (T)—vice-president and trust officer, First American National Bank, Nashville, Tenn.—now also a director.  
 DEYER, CHARLES D. J. (CB)—formerly assistant secretary, Irving Trust Company, New York, N. Y.—now assistant secretary, Mount Vernon Trust Company, Mount Vernon, N. Y.  
 GAFFNEY, JAMES G. (I)—formerly assistant trust officer, City Bank Farmers Trust Company, New York, N. Y.—now trust officer.  
 GOOD, PAUL T. (CB)—formerly assistant vice-president, First National Bank, Houston, Texas—now vice-president.  
 GRIMM, WILLIAM C. (SM)—formerly assistant comptroller, Howard Savings Institution, Newark, N. J.—now comptroller.  
 HORST, THOMAS A. (CB)—formerly vice-president, Merchants National Bank, Mobile, Ala.—now senior vice-president.  
 JOHNSON, HOWARD J. (T)—formerly assistant trust officer, American National Bank and Trust Company, Chicago, Ill.—now vice-president.  
 LARSEN, WILLIAM (T)—formerly assistant vice-president and trust officer, Federation Bank and Trust Company, New York, N. Y.—now vice-president and trust officer.  
 MCCOY, CHARLES W. (CB)—formerly assistant cashier, City National Bank and Trust Company, Columbus, Ohio—now vice-president.  
 MILNER, PHILIP H. (CB)—formerly assistant vice-president, Manufacturers Trust Company, New York, N. Y.—now vice-president.  
 PARSONS, LAURENCE L. (I)—formerly assistant vice-president, Greenwich Savings Bank, New York, N. Y.—now in personal trust division, Bank of the Manhattan Company, New York.  
 PERCY, BRUCE (T)—formerly assistant trust officer, Genesee Valley Trust Company, Rochester, N. Y.—now trust officer, Central Trust Company, Rochester.  
 PERLEY, FRANK M. (T)—formerly assistant vice-president and trust investment officer, American Security and Trust Company, Washington, D. C.—now vice-president and trust investment officer.  
 SCHMITZ, GEORGE H. (CB)—formerly assistant treasurer—County Bank and Trust Company, Paterson, N. J.—now assistant treasurer and assistant secretary.

#### 1948

BOTTOMS, RAYMOND J. (CB)—formerly assistant vice-president, Third National Bank, Nashville, Tenn.—now vice-president.  
 BOWKER, WILLIAM C. (CB)—formerly second vice-president, Fidelity Union Trust Company, Newark, N. J.—now vice-president.  
 CARLSON, HERBERT E. (T)—formerly trust officer, New Britain Trust Company, New Britain, Conn.—now trust officer and secretary.  
 FOEHL, RICHARD E. (CB)—formerly assistant treasurer, The Pennsylvania Company for Banking and Trusts, Philadelphia, Pa.—now assistant vice-president.  
 GALLAGHER, JAMES E. (I)—has left Goodbody and Company and is now associated with the National City Bank, New York, N. Y.  
 GERBIG, WILLIAM J. (CB) vice-president, Fidelity Trust Company, Baltimore, Md.—as a result of a merger of Calvert Bank and Fidelity Trust Company.  
 HOOPER, KELLAM (CB)—formerly assistant vice-president, Bank of New York and Fifth Avenue Bank, New York, N. Y.—now vice-president.

### COMPARISON WITH THE FRONT COVER

The aerial photograph on the front cover was taken to include approximately the same area as is shown in the map below, which is distributed by The Graduate School of Banking to its students. However, it was necessary to take the picture at such an angle that the railroad tracks at the right in the map appear at the top of the photograph, and the Raritan River Canal in the upper left corner of the map appears at the lower left corner of the photograph. So, to identify buildings shown on the cover, turn it 90 degrees to the right. The campus will then appear as below



LYMAN, WILLIAM A. (CB)—formerly cashier and assistant trust officer, First National Bank, Rome, Ga.—now vice-president and assistant trust officer.  
 MCCORMACK, DONALD A. (CB)—formerly assistant vice-president, The Riggs National Bank, Washington, D. C.—now vice-president.  
 MATHAM, RAY E. (CB)—formerly assistant secretary and assistant treasurer, West Side Trust Company, Newark, N. J.—now assistant vice-president and assistant secretary.  
 REAGAN, JOSEPH J. (T)—formerly assistant secretary, The Northern Trust Company, Chicago, Ill.—now second vice-president.  
 RENNIE, ROBERT W. (CB)—formerly secretary and trust officer, Garden City Bank and Trust Company, Garden City, N. Y.—now vice-president and secretary.  
 SHEPHERD, NORMAN T. (CB)—formerly assistant vice-president and comptroller, Haverhill National Bank, Haverhill, Mass.—now vice-president and comptroller.  
 ROBERTS, WILBERT T. (I)—now manager of the Oneida Springs Branch of the Oneida National Bank and Trust Company of Utica, N. Y.  
 WILLIAMS, J. DOUGLAS (T)—formerly assistant vice-president, Nashville Trust Company, Nashville, Tenn.—now vice-president.

#### 1949

BOZETT, WILLARD F. (CB)—formerly assistant cashier, Colorado National Bank, Denver, Colo.—now assistant vice-president.  
 BUSHNELL, ROBERT E. (SM)—formerly vice-president and treasurer, Syracuse Savings Bank, Syracuse, N. Y.—now vice-president and secretary.  
 CHAPIN, GLENN E. (CB)—formerly assistant cashier, Howard National Bank and Trust Company, Burlington, Vt.—now cashier.  
 CHRISTIE, ALAN T. (CB)—formerly assistant vice-president, Bank of New York and Fifth Avenue Bank, New York, N. Y.—now with Lambert and Company, 2 Wall Street, New York, N. Y.  
 DION, JAMES H. (T)—formerly assistant trust officer, Union Bank and Trust Company, Helena, Mont.—now trust officer.  
 GREEN, GLEN K. (T)—formerly trust portfolio administrator, City Bank Farmers Trust Company, New York, N. Y.—now assistant trust officer.  
 HOLDEN, RICHARD E. (I)—formerly assistant cashier and auditor, Merchants National Bank and Trust Company, Meadville, Pa.—now assistant vice-president and auditor.  
 INNES, ALEX J. (CB)—formerly assistant cashier, National Bank of Detroit, Detroit, Mich.—now assistant vice-president.  
 KNIGHT, ROBERT L. (SM)—formerly trust officer, Ohio Citizens Trust Company, Toledo, Ohio—now assistant vice-president and trust officer.  
 LOWRY, GOODRICH (CB)—executive vice-president, Northwestern National Bank, Minneapolis, Minn.—now also a director.  
 MAYNARD, WILLIAM C. (CB)—formerly second vice-president, Manufacturers National Bank, Detroit, Mich.—now vice-president.  
 MILLS, ALFRED S. (I)—formerly mortgage production manager, Bank for Savings, New York, N. Y.—now vice-president.  
 NAGEL, DELMAR C. (T)—formerly examiner, FDIC, Lansing, Mich.—now senior examiner, State Banking Department, Lansing.  
 NOLAN, G. F. (CB)—formerly branch manager, National City Bank, Flushing, N. Y.—now manager of Domestic Branch Administration at the main office of the bank in New York City.  
 REDDEN, MILLARD G. (CB)—formerly cashier, Fidelity National Bank, Baton Rouge, La.—now vice-president and cashier.  
 RICCARDO, ANTHONY J. (CB)—formerly administrative assistant, West Side Trust Company, Newark, N. J.—now assistant department manager.  
 SCHMIDT, CHESTER W. (SM)—formerly assistant treasurer, Bovey Savings Bank, New York, N. Y.—now assistant vice-president.  
 SMITH, J. RUSSELL (CB)—formerly assistant cashier, Union National Bank, Charlotte, N. C.—now assistant vice-president.  
 STANTON, LE ROY H. (CB)—formerly assistant treasurer, American Trust Company, Charlotte, N. C.—now assistant vice-president.  
 THOMPSON, THEODORE S. (I)—formerly assistant treasurer, Elliot Savings Bank, Boston, Mass.—now treasurer.

#### 1950

BARNETT, JOHN B., JR. (CB)—formerly cashier, The Monroe County Bank, Monroeville, Ala.—now president.  
 BRIGHTWELL, HENRY P. (CB)—formerly assistant secretary, Union and New Haven Trust Company, New Haven, Conn.—now assistant vice-president.  
 BRIGHTWELL, MILTON F. (T)—formerly assistant vice-president, The Cleveland Trust Company, Cleveland, Ohio—now vice-president.  
 CHAMBERLAIN, HORACE F. (CB)—formerly examiner, FDIC, St. Paul, Minn.—now executive vice-president and director, Bank of Galesville, Galesville, Wis.  
 CALHOUN, N. S., JR. (CB)—formerly vice-president, American Trust Company, Charlotte, N. C.—now vice-president, Chemical Bank and Trust Company, New York, N. Y.  
 CONKLING, CHARLES R. (CB)—formerly assistant vice-president, Colonial Trust Company, New York, N. Y.—now vice-president.  
 DAVIS, LLOYD L. (CB)—formerly assistant vice-president, Ohio National Bank, Columbus, Ohio—now executive vice-president, First National Bank, Chillicothe, Ohio.  
 DICKINSON, WILLIAM A., 3RD—formerly assistant trust officer, Middletown National Bank, Middletown, Conn.—now trust officer.  
 GIBSON, HERBERT J. (CB)—formerly assistant cashier, National Bank of Logan, Logan, Va.—now cashier.  
 MCNAMEE, JAMES W. (CB)—formerly assistant cashier, Ohio National Bank, Columbus, Ohio—now assistant vice-president.  
 MARTEN, ALBERT W. (T)—formerly assistant trust officer, The Cleveland Trust Company, Cleveland, Ohio—now trust officer.  
 MITCHELL, JOHN B. (CB)—formerly vice-president, Manufacturers Bank and Trust Company, St. Louis, Mo.—now executive vice-president.  
 MONEY, THOMAS H. (CB)—formerly with the Federal Reserve Bank, Atlanta, Ga.—now manager of the credit department, Georgia Railroad Bank and Trust Company, Augusta, Ga.  
 MORSTADT, ARTHUR H. (T)—formerly assistant trust officer and assistant secretary, American National Bank and Trust Company, Chicago, Ill.—now assistant vice-president.  
 OKERSE, PETER (CB)—formerly assistant cashier, State Bank of Pearl River, N. Y.—now cashier.  
 RENFELD, RICHARD B. (T)—formerly assistant secretary, Hartford National Bank and Trust Company, Hartford, Conn.—now trust officer.

RIES, FRED A. (CB)—formerly assistant cashier, First National Bank and Trust Company, Paterson, N. J.—now vice-president.  
 ROBERSON, WILLIAM O. (CB)—formerly vice-president, First National Bank, Weslaco, Tex.—now executive vice-president.  
 SCHUBERT, JOHN E. (SM)—formerly assistant vice-president, Community Savings Bank, Rochester, N. Y.—now vice-president.  
 SEARS, GEORGE W. (CB)—formerly assistant vice-president, First National Trust and Savings Bank, San Diego, Calif.—now vice-president.  
 SINN, J. FRED (SM)—formerly assistant secretary, Howard Savings Institution, Newark, N. J.—now secretary.  
 STETSON, CALVIN A. (I)—formerly statistical analyst, Union and New Haven Trust Company, New Haven, Conn.—now with the First National Bank, Birmingham, Ala.

#### 1951

BACON, LYMAN W. (CB)—formerly assistant vice-president, The Toledo Trust Company, Toledo, Ohio—now vice-president and comptroller, Butler Paper Products Company, 982 Wall Street, Toledo, Ohio.  
 BEARD, EARL L., JR. (CB)—formerly assistant cashier, National Bank of Tulsa, Tulsa, Okla.—now assistant vice-president.  
 BURTON, JACK (CB)—formerly assistant secretary, Trust Company of Georgia, Atlanta, Ga.—now assistant vice-president.  
 EICHEN, EARL S. (CB)—formerly assistant cashier, First National Bank, Philadelphia, Pa.—now assistant vice-president.  
 FAISON, YATES W. (CB)—formerly assistant secretary, American Trust Company, Charlotte, N. C.—now assistant vice-president.  
 GASKINS, E. D. (CB)—formerly vice-president, American Bank and Trust Company, Monroe, N. C.—now executive vice-president.  
 GOODFELLOW, CHARLES C. (I)—formerly investment administrator, City Bank Farmers Trust Company, New York, N. Y.—now assistant trust officer.  
 HILL, RICHARD D. (CB)—formerly loan officer, First National Bank, Boston, Mass.—now assistant vice-president.  
 HOBSTETTER, CHARLES EDISON (CB)—president, Pomeroy National Bank, Pomeroy, Ohio—now a director of the Federal Reserve Bank of Cleveland and chairman of the board of directors of his bank.  
 HUTCHINS, ROBERT P. (CB)—formerly assistant cashier, First National Bank, Rome, Ga.—now cashier.  
 KEAT, JOHN (CB)—formerly assistant treasurer, Bankers Trust Company, New York, N. Y.—now assistant vice-president.  
 MAROLD, WILLIAM J. (CB)—formerly assistant cashier, Lincoln National Bank, Newark, N. J.—now assistant vice-president, Montclair Trust Company, Montclair, N. J.  
 MORRIS, J. FRANK (CB)—formerly assistant vice-president, Marine Midland Trust Company, New York, N. Y.—now vice-president.  
 NICOL, JAMES (CB)—formerly assistant cashier, First National Bank, Independence, Mo.—now vice-president and director.  
 NYRE, ROBERT A. (CB)—formerly assistant branch manager, Washington Street Office, First National Bank, Boston, Mass.—now manager of branch.  
 PACE, GREENVILLE T. (I)—formerly assistant secretary, BancOhio Corporation, Columbus, Ohio—now assistant secretary and assistant vice-president.  
 SILLERY, CHARLES B. (SM)—formerly assistant vice-president, Eastchester Savings Bank, Mt. Vernon, N. Y.—now vice-president.  
 SNEELSON, WESLEY L., JR. (CB)—formerly assistant cashier, Security National Bank, Greensboro, N. C.—now assistant vice-president.  
 STODDARD, DAVID G. (CB)—formerly assistant cashier, Barnett National Bank, Jacksonville, Fla.—now assistant vice-president.  
 STODDARD, DONALD A. (I)—formerly assistant treasurer, Guaranty Trust Company, New York, N. Y.—now second vice-president.  
 STORRS, ROBERT W., III (CB)—formerly assistant cashier, First and Merchants National Bank, Richmond, Va.—now assistant vice-president.  
 TURNER, STORY (CB)—formerly pro-cashier, American National Bank and Trust Company, Chicago, Ill.—now assistant cashier.  
 WALTON, STANLEY A. (CB)—formerly assistant vice-president, Lake Shore National Bank, Chicago, Ill.—now vice-president.  
 WEBSTER, JOHN N., 3RD (T)—formerly assistant trust officer, Provident Trust Company, Philadelphia, Pa.—now trust officer.

#### 1952

BAKER, WILBUR (SM)—formerly assistant secretary, Irving Savings Bank, New York, N. Y.—now assistant vice-president.  
 BATEMAN, JOSEPH H. (SM)—formerly treasurer, Dime Savings Bank, Brooklyn, N. Y.—now secretary and treasurer.  
 BEAL, M. B. (CB)—formerly an examiner with the FDIC—now cashier, Bank of Dahlgren, Dahlgren, Va.  
 BLOOMER, KENNETH W. (CE)—formerly assistant department head, Indiana Trust Company, Indianapolis, Ind.—now assistant secretary.  
 BROOKS, WHITNEY L. (CB)—formerly note teller, Brooks Bank and Trust Company, Torrington, Conn.—now office manager.  
 BURROWS, HARRY (CB)—formerly executive vice-president, First National Bank, Winchenden, Mass.—now executive vice-president and cashier.  
 CARR, WINTHROP W. (SM)—formerly home planning department, Worcester Five Cents Savings Bank, Worcester, Mass.—now co-manager of the department.  
 CABE, JOSEPH M. (T)—formerly assistant examiner, Federal Reserve Bank, Philadelphia, Pa.—now examiner.  
 CHOATE, MILTON C. (CB)—formerly assistant secretary, United States Trust Company, Boston, Mass.—now assistant treasurer.  
 CLARK, WALTER (CB)—formerly assistant treasurer and auditor, Guarantee Bank and Trust Company, Atlantic City, N. J.—now assistant treasurer and assistant secretary.  
 CLARK, WILLIAM E. (CB)—formerly assistant secretary, Chemung Canal Trust Company, Elmira, N. Y.—now assistant vice-president and assistant secretary.  
 DUNCAN, EARL J. (SM)—formerly small loan officer, Holyoke Savings Bank, Holyoke, Mass.—now assistant treasurer.  
 EVANS, LESLIE E. (CB)—formerly cashier, Citizens National Bank, Maplewood, N. J.—now vice-president and cashier.  
 FITCH, JOHN S., JR. (CB)—formerly manager University Branch, Peoples National Bank, Charlottesville, Va.—now assistant cashier and branch manager.  
 FOCKE, GEORGE M. (CB)—formerly associate examiner, FDIC, Houston, Tex.—now examiner.  
 FOOTHORP, JAMES E. (CB)—formerly assistant manager, 575 Seventh Avenue Branch, The Chase National Bank, New York, N. Y.—now second vice-president.

An aerial view of the campus of the New Jersey College for Women, adjacent to Rutgers University. Students of The Graduate School of Banking use dormitory space on this campus. More than 1,000 students will attend this year's session, divided about equally among the freshmen, junior and senior classes



TAYLOR

GLOVER, EDGAR M. (T)—formerly assistant examiner, Comptroller of the Currency Office, Boston, Mass.—now examiner.  
 GREENE, GERALD H. (CB)—Federal Reserve Bank, Buffalo, N. Y.—now assistant cashier.  
 GUTHRIE, ROBERT C. (T)—formerly assistant trust officer, National Bank of Topeka, Topeka, Kan.—now trust officer.  
 HEBERT, PAUL R. (SM)—formerly mortgage clerk and teller, Elliot Savings Bank, Roxbury, Mass.—now assistant treasurer.  
 JACKSON, EDGAR P. (CB)—formerly assistant department head, National City Bank, New York, N. Y.—now assistant cashier.  
 JOHNSON, RUSSELL H. (CB)—formerly assistant cashier, First National Bank, St. Paul, Minn.—now assistant vice-president.  
 KEEP, EDWIN H. (CB)—formerly vice-president and cashier, First National Bank, Meadville, Pa.—now executive vice-president and cashier.  
 KING, CHARLES S. (CB)—formerly assistant cashier, Central National Bank, Yonkers, N. Y.—now cashier.  
 KLEY, JOHN A. (CB)—formerly assistant vice-president, County Trust Company, Tarrytown, N. Y.—now vice-president in the White Plains Office.  
 KOLB, RAYMOND C. (CB)—formerly chief machine tabulation section, Board of Governors of the Federal Reserve System, Washington, D. C.—now technical assistant, division of bank operations.  
 KRAEMER, ALEXANDER J. (T)—formerly trust officer and assistant secretary, Northwestern National Bank, Minneapolis, Minn.—now assistant vice-president.  
 LAND, JOHN H., III (CB)—formerly auditor, Bank of Virginia, Roanoke, Va.—now assistant cashier.  
 LEZOUS, FRED W. (CB)—formerly auditor, West Side Trust Company, Newark, N. J.—now comptroller.  
 MCCONKEY, DAVID (CB)—formerly manager instalment loan department, National Bank of West Virginia, Wheeling, W. Va.—now assistant cashier.  
 MCGOVERN, ARTHUR N. (CB)—formerly assistant treasurer and trust officer, Essex Trust Company, Lynn, Mass.—now treasurer.  
 MCWHIRTER, FELIX T. (CB)—formerly assistant vice-president, Peoples State Bank, Indianapolis, Ind.—now vice-president.  
 MAISH, HERBERT D. (CB)—formerly assistant vice-president, Middlesex County National Bank, Everett, Mass.—now vice-president.  
 MARTINEZ, EDWARD L., JR. (I)—formerly assistant trust officer, Boston Safe Deposit and Trust Company, Boston, Mass.—now trust officer.  
 METCALFE, WALLACE P. (T)—formerly assistant vice-president and trust officer, Texas Bank and Trust Company, Dallas, Tex.—now vice-president and trust officer.  
 NTE, LORING C. (CB)—formerly assistant examiner, Federal Reserve Bank, Boston, Mass.—now special assistant.  
 PFUEFFER, REGIS G. (CB)—formerly assistant cashier, Peoples First National Bank and Trust Company, Pittsburgh, Pa.—now assistant vice-president.  
 PORTER, STEPHEN O. (CB)—formerly assistant cashier and assistant manager, The Riggs National Bank, Washington, D. C.—now assistant vice-president and manager.  
 PRICHER, CHARLES R. (CB)—formerly assistant chief of foreign operations, Federal Reserve Bank, New York, N. Y.—now special assistant.  
 RESENDORPH, ALAN (CB)—formerly assistant cashier, Hathboro National Bank, Hathboro, Pa.—now acting cashier.  
 RICHARDSON, HARRIS S., JR. (I)—formerly senior analyst, Old Colony Trust Company, Boston, Mass.—now assistant investment officer.  
 RICKETT, WILLIAM M. (CB)—formerly assistant cashier, Watson-town National Bank, Watertown, Pa.—now assistant cashier, First National Bank, North East, Pa.  
 RILEY, BRUCE W. (I)—formerly assistant cashier, National Bank of Wilson, Wilson, N. C.—now vice-president and cashier.  
 ROWLINGS, W. ROWE (T)—formerly assistant trust officer, Boston Safe Deposit and Trust Company, Boston, Mass.—now trust officer.  
 SATTLER, CHARLES G. (T)—formerly trust administrator, Central

Trust Company, Cincinnati, Ohio—now assistant investment officer.  
 SHAW, JOHN J. (CB)—formerly assistant cashier, First National Bank, Erie, Pa.—now secretary-treasurer, Citizens Banking and Savings Company, Conneaut, Ohio.  
 SNYDER, JOHN W. (CB)—formerly assistant cashier, Federal Reserve Bank, Jacksonville, Fla.—now cashier.  
 STONE, WILLIAM EDGAR (CB)—formerly treasurer, Westport Bank and Trust Company, Westport, Conn.—now secretary.  
 STUART, DOUGLAS B. (I)—formerly investment assistant, Irving Savings Bank, New York, N. Y.—now assistant secretary.  
 WATERHOUSE, FRED H. (CB)—formerly assistant cashier, First National Bank, Minneapolis, Minn.—now assistant vice-president.  
 WEIS, ROBERT E. (SM)—formerly assistant to real estate officer, Kings County Savings Bank, Brooklyn, N. Y.—now assistant mortgage officer.  
 WILLIAMS, DAVID D. (I)—formerly assistant trust officer, National Bank of Detroit, Detroit, Mich.—now assistant vice-president and assistant trust officer.  
 WINSTANLEY, HOWARD E. (T)—formerly assistant to trust officer, Union Trust Company, Baltimore, Md.—now assistant trust officer.

#### 1953

ANDREW, WILLIAM C. (SM)—formerly clerk, Northfield Savings Bank, Northfield, Vt.—now assistant treasurer.  
 ARTHUR, FREDERICK A. (T)—formerly assistant cashier, Guaranty Bank and Trust Company, Washington, N. C.—now assistant cashier and assistant trust officer.  
 BALDWIN, LEWIS L. (CB)—formerly manager mortgage loan department, Mercantile National Bank, Hammond, Ind.—now assistant cashier.  
 BARKER, EDWARD E., JR. (CB)—formerly assistant cashier, National City Bank, Cleveland, Ohio—now assistant vice-president.  
 BRADLEE, H. GARDNER (CB)—formerly assistant treasurer, Cambridge Trust Company, Cambridge, Mass.—now secretary and assistant treasurer.  
 BRIDGES, GENE (CB)—formerly assistant cashier, Republic National Bank, Dallas, Tex.—now vice-president.  
 BROWNING, ROBERT A., JR. (CB)—formerly administrative assistant, State-Planters Bank and Trust Company, Richmond, Va.—now assistant cashier.  
 BURNS, VINCENT L. (SM)—formerly manager life insurance department, Dollar Savings Bank, New York, N. Y.—now assistant secretary.  
 CARPENTER, JAMES W. (CB)—formerly assistant cashier, Union Bank of Michigan, Grand Rapids, Mich.—now assistant vice-president.  
 COLES, G. WARREN, JR. (CB)—formerly assistant cashier, National Bank of Commerce, Houston, Tex.—now assistant vice-president.  
 CROSSON, FRANK M. (CB)—Highland Park State Bank, Dallas, Tex.—is now assistant cashier.  
 DAVENPORT, F. DAVIS (CB)—formerly treasurer of the Winchester Trust Company, Winchester, Mass.—now treasurer of the Middlesex County National Bank, Lowell, Mass.  
 DICKSON, JAMES H., JR. (CB)—formerly assistant vice-president, Bank of Georgia, Atlanta, Georgia—now vice-president.  
 DRUMM, WALTER G. (CB)—formerly assistant cashier, Boardwalk National Bank, Atlantic City, N. J.—now assistant vice-president.  
 ENGLISH, JOHN E. (T)—formerly assistant trust officer, First National Bank and Trust Company, New Haven, Conn.—now trust officer.  
 FONDA, AVERY H. (CB)—formerly assistant cashier, First National Bank and Trust Company, Asheville, N. C.—now vice-president.  
 GIBB, JOHN F. (CB)—formerly assistant cashier, Second National Bank, Houston, Tex.—now assistant vice-president, First National Bank, Fort Worth.  
 GORDON, ROBERT L. (SM)—formerly inspector, Brooklyn Savings Bank, Brooklyn, N. Y.—now assistant mortgage and real estate officer.  
 GORTO, WILLIAM G. (CB)—formerly assistant vice-president,





A classroom scene during the 1936 session (the second)

National Bank of Commerce, Norfolk, Va.—now vice-president.  
 GRAHAM, JOHN F. (CB)—formerly assistant treasurer, Norfolk County Trust Company, Brookline, Mass.—now assistant vice-president.  
 GREENWOOD, DON R. (CB)—formerly assistant cashier, Broward National Bank, Ft. Lauderdale, Fla.—now cashier.  
 HARDESTY, GEORGE N. (CB)—formerly assistant manager foreign department, Merchants National Bank, Mobile, Ala.—now assistant vice-president.  
 HART, FRANCIS M. (CB)—formerly assistant cashier, Carolina National Bank, Anderson, S. C.—now assistant vice-president.  
 HILTON, HOMER (T)—formerly assistant trust officer, National Bank of Jackson, Jackson, Mich.—now trust officer.  
 HOFFMAN, WILLIAM L. (CB)—formerly assistant manager, Fidelity Union Trust Company, Newark, N. J.—now assistant treasurer.  
 HOPE, CLARENCE C. JR. (CB)—formerly assistant cashier, Union National Bank, Charlotte, N. C.—now assistant vice-president.  
 HUNTLEY, CHARLES E. (CB)—formerly cashier, Commercial Bank and Trust Company, Columbia, S. C.—now vice-president.  
 HYDE, FRANK T. (CB)—formerly assistant cashier, Bank of Virginia, Richmond, Va.—now assistant vice-president.  
 JOHNSON, ALDEN W. (CB)—formerly assistant cashier and branch manager, First National Trust and Savings Bank, San Diego, Calif.—now assistant vice-president and branch manager.  
 KNUDSEN, MORRIS S. (T)—formerly assistant trust officer, First and American National Bank, Duluth, Minn.—now trust officer.  
 KOUNTZE, HAROLD, JR. (CB)—formerly assistant cashier, Colorado National Bank, Denver, Colo.—now vice-president.  
 KRONMACKER, RAYMOND R. (CB)—formerly assistant secretary and assistant treasurer, Manufacturers Bank and Trust Company, St. Louis, Mo.—now assistant vice-president.  
 LANDRIGAN, JOHN H. (CB)—formerly assistant comptroller, Hudson Trust Company, Union City, N. J.—now assistant secretary.  
 LEA, JAMES D. (CB)—formerly assistant vice-president, First National Bank, Houston, Tex.—now vice-president.  
 LIMBACK, WALTER W. (T)—formerly cashier, American National Bank, St. Joseph, Mo.—now vice-president.

McCLELLAND, GEORGE B. (T)—Jenkintown Bank and Trust Company, Jenkintown, Pa.—now assistant trust officer.  
 MCGARRIGAN, EDWARD L. (CB)—formerly assistant cashier, Girard Trust Corn Exchange Bank, Philadelphia, Pa.—now assistant treasurer.  
 McWILLIAM, FRANKLIN A. (CB)—formerly assistant secretary, Corn Exchange Bank Trust Company, New York, N. Y.—now assistant vice-president.  
 MILLER, CHARLES L. (CB)—formerly assistant cashier, Phoenix State Bank and Trust Company, Hartford, Conn.—now assistant vice-president.  
 MOLEMA, STEFFEN B. (CB)—formerly assistant branch manager, Eastside Office, First National Bank and Trust Company, Paterson, N. J.—now assistant cashier.  
 MOYE, JOHN M., JR. (CB)—formerly vice-president, Helena National Bank, Helena, Mont.—now vice-president and cashier.  
 MURPHY, STUART (CB)—formerly assistant cashier, Mercantile Trust Company, St. Louis, Mo.—now assistant vice-president.  
 OGDEN, WILLIAM B., III (T)—formerly assistant trust officer, Merchants National Bank and Trust Company, Syracuse, N. Y.—now trust officer.  
 ORNDORFF, CHARLES H., JR. (CB)—formerly assistant cashier, National Bank of Commerce, Memphis, Tenn.—now assistant vice-president.  
 OSMER, ALFRED M. (CB)—formerly assistant cashier, First National Bank, Damariscotta, Me.—now cashier.  
 PEEK, ARNOLD B. (CB)—formerly assistant credit manager, Security-First National Bank, Los Angeles, Calif.—now assistant vice-president.  
 PERKINS, ROBERT F. (CB)—formerly assistant cashier, Second National Bank, Boston, Mass.—now assistant vice-president.  
 PHILLIPS, H. WENDELL (SM)—formerly deputy auditor, Bowery Savings Bank, New York, N. Y.—now deputy controller.  
 POITEVENT, EADS, JR. (CB)—formerly assistant cashier, National Bank of Commerce, New Orleans, La.—now assistant vice-president.  
 PORTER, LEIGHTON B. (CB)—formerly senior examiner, State Banking Department, Hartford, Conn.—now principal examiner.  
 PRATT, ROBERT E. (CB)—formerly assistant cashier, Citizens Commercial and Savings Bank, Flint, Mich.—now assistant vice-president.  
 RITTER, HERBERT W. (CB)—formerly assistant cashier, Girard Trust Corn Exchange Bank, Philadelphia, Pa.—now assistant vice-president.  
 SANGUINET, MERLE M. (CB)—formerly assistant vice-president, St. Louis County National Bank, St. Louis, Mo.—now vice-president.  
 SCHNEIDER, EVERETT J., JR. (CB)—formerly assistant cashier, First National Bank, Buena Vista, Va.—now cashier.  
 SMITH, FRANK S. (CB)—formerly assistant cashier, First National Bank, Altoona, Pa.—now cashier.  
 SMITH, JAMES G. (CB)—formerly assistant mortgage officer, Franklin National Bank, Franklin Square, N. Y.—now mortgage officer.  
 SMITH, WILBURN J., JR. (CB)—formerly assistant cashier, Union National Bank, Charlotte, N. C.—now assistant vice-president.  
 THOMPSON, OVERTON, JR. (T)—formerly assistant trust officer, Nashville Trust Company, Nashville, Tenn.—now trust officer.  
 TINGLEY, HENRY F. JR. (CB)—formerly assistant secretary, Industrial Trust Company, Providence, R. I.—now assistant treasurer.  
 TOWNSEND, BRAXTON B. (T)—formerly assistant trust officer, Peoples Bank and Trust Company, Rocky Mount, N. C.—now trust officer.  
 WESTRA, TONY L. (CB)—formerly assistant cashier, Northwest Security National Bank, Sioux Falls, S. D.—now assistant vice-president.  
 WITTE, JOSEPH L. (T)—formerly assistant trust officer, American Security and Trust Company, Washington, D. C.—now trust officer.  
 WISSE, FRED C. (CB)—formerly assistant cashier, Michigan National Bank, Saginaw, Mich.—now assistant vice-president.  
 WILL, ROBERT B. (CB)—formerly vice-president and cashier, Vinton County National Bank, McArthur, Ohio.—now president.  
 WINSLOW, JOHN G. (I)—formerly trust administrator, City Bank Farmers Trust Company, New York, N. Y.—now assistant trust officer.  
 ZOLLERS, ERNEST M. (CB)—formerly auditor, Peoples National Bank, Norristown, Pa.—now comptroller and auditor.

Left, below: Trust majors in the classes of 1945, 1946 and 1947. Right: A classroom at the 1950 session at Rutgers







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STREET \_\_\_\_\_

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# Methods and Ideas

(CONTINUED FROM PAGE 44)

the bank, is in a position to observe the staff members. He has close, continuous contact with them and can make accurate appraisals of production, performance and quality. He can observe their ability to cooperate, their adherence to instructions, their appearance and poise.

He also is in a good position to protect them from each other and from themselves.

He can recommend interdepartmental shifts of personnel, spot supervisory and officer material, and commend a well-done job. (Let's not hand out only criticism; how about a good word, now and then, to the employee who deserves it?)

The auditor should sit in at management's discussions of salaries, bonuses and fringe benefits.

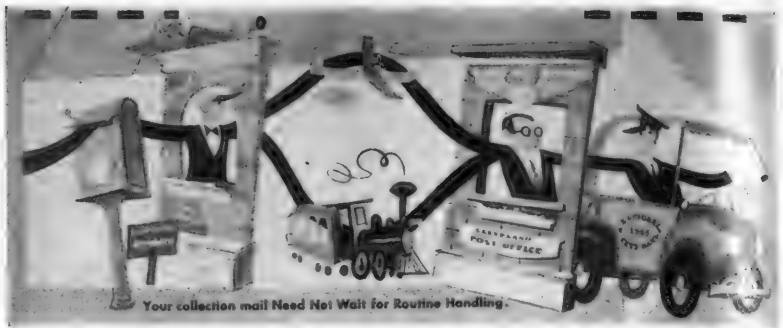
His reports should tell the story of a bank's men and women, as well as its operating results.

## A.I.B. Chapter Helps Sell Banking as Career

**A**N effective method of getting the "banking as a career" story to young people was tried recently in Bridgeport, Connecticut.

Bridgeport Chapter, American Institute of Banking, invited seniors in area schools and colleges to a forum on the opportunities offered by bank work. More than 200 students and their vocational guidance teachers attended.

The chief speaker was J. Stanley Brown, vice-president and personnel director of Chemical Bank and Trust



One leaf of the National City's transit service promotion

Company, New York, and author of the recent Institute book, *You and Banking*. Participating in the panel were local bankers and the assistant superintendent of schools in Bridgeport.

Chapter President G. Webster Miller called it "the most successful forum we've ever had."

## Transit Service Promotion

**T**HE NATIONAL CITY BANK OF CLEVELAND reports a promotion of its "unique transit service" has been helpful in obtaining new corporation customers and explaining the service to old customers.

The piece is a spiral-bound folder which demonstrates in drawings, photographs and simple text "how you can (1) obtain quicker access to more funds; (2) reduce credit exposure; and (3) improve service to your customers." (See picture above.)

## Jones Tells the Mrs. About Bank Statements

**A** NEW approach to the informative bank statement (at least it looked new to this department) was

published recently by THE FIRST NATIONAL BANK AT ORLANDO, Florida.

The copy we saw was printed on gay yellow paper in green ink—two good Florida colors, incidentally. At the top was a drawing of the happy Jones family sitting on the porch. Mrs. J. was saying, "John Jones, what do you know about reading a bank statement?"

There followed, in type, the conversation sampled herewith:

**John:** Could be! I know some of the things to look for in a bank statement.

**Mrs. J.:** For instance?

**John:** Total resources. This bank statement I am reading shows that on March 31, 1952, The First National Bank at Orlando had total resources of over \$42-million, the most they have ever had. . . .

**Mrs. J.:** Just what is the bank doing with all that money?

**John:** This statement shows that First National has more than 53 percent of its total \$42,000,000 resources in U. S. Government bonds and cash. Etc., etc., etc.

The bank's condition statement appeared alongside the dialogue.

## "Take a Picture of Thrift"

**T**HAT'S the name of a summer-long contest launched by the Rutherford (New Jersey) Trust Company at a recent spring open house. Prizes totaling \$250 in savings accounts and photographic equipment will be awarded for photographs dramatizing the advantages of saving. Promotion includes newspaper ads, lobby posters, and a brochure.

When the contest is over all the entries will be displayed in the bank's lobby.

The spring open house included a flower show and an art exhibit. Prizes were awarded by President Charles A. Van Winkle.



Thomaston (Connecticut) Savings Bank's Watertown office had a Boy Scout birdhouse-feeding station building contest. Here are the entries and entrants in the bank's lobby

# Remington Rand Newsletter

## FOR BANK MANAGEMENT

### Five more proved procedures to help solve your administrative problems

**Mortgage loan accounting made easy.** We know a banker who is a stickler for promptness in reporting to the institutions for whom he services about 10,000 mortgages, many of which are FHA insured. He feels that speed and accuracy have helped him build up this volume. And he finds the Remington Rand accounting machine prepares his records faster, more accurately, with less clerical time—because this machine does so much *automatically*. The same machine may also be used efficiently on trust records, loans and discounts, general ledgers, payrolls. Let us show you how. Call our local office for a demonstration.



**It pays TWO ways to modernize.** A new type of counter can give you: 1) more friendliness in customer contacts; 2) more time-and-motion efficiency for *each* teller's job. Consult our specialists in functional counter design. They can carry much of the load for you—from initial planning to final installation. As one banker says: "We consulted decorators, suppliers and efficiency experts. But when our quest took us to Remington Rand, we found the kind of help that was needed." For more advantages to be gained by consulting our specialists, see brochure X-281.

**Where everyone does better work.** Long ago we faced up to the human fact that no two people are alike. That's why we make our office chairs adjustable to the individual *you*. This banishes the fatigue and backaches of improper posture. Simple hand-wheel adjustments mold the chair to any height and shape of body. And this handsome chair is in light-weight aluminum

for easy handling. But *sitting* is believing. We cordially invite you to try a posture chair for awhile; one for your secretary, too. Our local office will deliver them, adjust them, leave them with you. No obligation. Just call up, or write for catalog FF-128.



**Transit and MORE on microfilm.** Now, with the *same* machine you use for transit microfilming, you can put many other important records on film to save office space and reduce your costs. You can also protect yourself from loss of records by simultaneously preparing a duplicate film to store away from premises. With the versatile new Dual Film-a-record, your operator can: record one or both sides of a document; change to any of three reduction ratios; film documents of varying sizes and shapes; use either 35 mm. or 16 mm. film; or put the same image on two rolls of 16 mm. simultaneously. Get more facts on the speed and economy of Dual Film-a-record from booklet F-264.

**Happy ending on account of—?** One of our men tells how a midwest bank almost lost its account ledgers. Seems a basement fire flashed suddenly through air-conditioning vents... right to the ledger trays. When firemen later got things under control, they found the steel burned right off those trays. *But the ledgers were safe and sound inside*, thanks to certified *point-of-use* protection in Safe-Ledger trays. Instant-closing covers provide the necessary protection *during working hours*, as well as on nights and week-ends. Your commercial ledgers and checks can also be protected in Safe-Files or Safe-Desks. Ask for folder SC-672.

For information, please request literature by number. Call our Business Equipment Center in your city, or write to our Management Controls Reference Library, Room 1142, 315 Fourth Avenue, New York 10, N. Y.

METHODS AND IDEAS FROM THE  
**Remington Rand**  
MANAGEMENT CONTROLS REFERENCE LIBRARY

# Safe Deposit Operation

**H**ERE are some general rules for the operation of a safe deposit department, suggested to the Eastern Regional Conference of the National Association of Bank Auditors and Comptrollers by Harvey J. Juhre, general manager, The Marine Safe Deposit Company, Buffalo:

- (1) The vault should be opened and closed each day in the presence of at least two persons.
- (2) The time lock should be

wound by a responsible person and checked by a second person. Verify time before clocks are wound. Keep a daily record of date and hour clocks are wound and verified. (The same procedure should be followed with an alarm system.) Both records should be initialed by the responsible person.

- (3) Guard or preparatory keys should be under control of the vault custodian. They should never be

taken from the department or left dangling on a hook, or in an unlocked drawer, and all keys should be accounted for daily at the close of business. Never refer to these keys as "master keys." In a Rhode Island case the bank's lawyer used this term and the judge was forced to assume that the bank had access to and therefore control over the contents, and rendered a decision which allows a writ of attachment of a bank account to extend to a safe deposit box in that state.

- (4) Keys to unrented and surrendered safes should be kept under strict control—dual, if possible.

(5) Hand two keys to the renter. If more than two are issued, keep a record and when the safe is surrendered the third key should be destroyed and the fact recorded. Record all returned keys; sometimes this is the only way a proper audit can be made.

- (6) When a box is surrendered, or there is a change in the persons having right of access, the lock should be changed and a record kept.

(7) If both keys are lost and the box must be opened forcibly, do not do so without signed authorization and in the presence of the renter or his agent.

- (8) Orders for single keys to replace those lost or defective should be placed by the official in charge and a proper record made.

## **NEW...A PAYMENT COUPON BOOK** *which reproduces* **Perforations as Legible as Printing**

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The First National Bank of Seaford, Del., has a junior banking center in its new building. In the picture the first depositor, Bobby Sherman, is being served by his grandfather, President Karl K. Brown. The center provides a special window, approached by steps. Thrift cards, in comic book style, encourage youngsters to save coins. A cardful entitles you to a free lollipop





(9) Rental lease of individual or joint renters should be signed, using given names.

(10) Appointment of deputy should include date, box number, deputy's full name; renter should sign as on a lease.

(11) Fiduciary or fiduciaries should sign, with name of the estate, trust, etc., for which they are acting, and proper papers should be filed showing their authority to act.

#### Safe Deposit Audit

These are a few of Mr. Juhre's suggestions for the audit control of the operation of a safe deposit department:

Prepare a procedure manual to assure uniformity of operation.

Every rental lease should be checked to see if it is complete. Appointment of deputies or agents should be scrutinized to be certain appointment is correct in every detail. On fiduciary accounts it is necessary not only to check the lease but the certificates showing their authority to act; if more than one fiduciary is named and any one has right of access, you must see a certified copy of the will to learn its provisions. On corporate rentals it is necessary to check the resolution of the board of directors authorizing certain officials or persons to act. You will also want to see the certificate of the secretary.

On committees, trustees under trust agreement, partnerships and certain other types of rentals, check to see that proper authority is on file.

If joint access is required, or if access is to be denied on account of death, etc., check to see that lease is properly tabbed and a seal placed on the lock.

Keys to unrented safes should be

accounted for and a spot check of unrented safes should be made.

Canceled leases should also be checked to be certain surrender is in proper order, and that in case of the death of the renter, proper authority and tax waiver are on file.

Returned keys for surrendered

safes should be very carefully checked; so should orders for second keys to replace those not returned by renter.

When a safe is surrendered or right of access canceled, be sure that the lock is changed before the safe is rented again.

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1902 1952

**THE TEXAS COMPANY**

—199th—  
**Consecutive Dividend**

A dividend of sixty-five cents (65¢) per share on the Capital Stock of the Company has been declared this day, payable on June 10, 1952, to stockholders of record at the close of business on May 9, 1952. The stock transfer books will remain open.

**ROBERT FISHER**

April 22, 1952

Treasurer

#### How to Get Customers

THE institution that sells good service will get more customers who will pay the bill for good salaries; and they will bring in more customers, too. Whether we are in prosperity or recession, good service always pays off.—JOHN A. SCHOONOVER, president of The Idaho First National Bank, Boise, at the annual meeting of the bank's assistant branch managers.

#### QUOINS! KOINS! COINS!

WRITE or SEE "CASEY" to BUY, SELL or EXCHANGE Collector's Coins in all metals, Scrap Gold, Curios, Antiques, Hobby Collections, etc. WILL CALL! "CASEY" COIN, CURIO & ANTIQUE CO-OP  
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# Sixth International Grassland Congress

**B**ANKERS throughout the United States and everyone concerned with a sound farming program have valid reasons for promoting the success of the Sixth International Grassland Congress which will be held at Pennsylvania State College, State College, on August 17-23, 1952.

The world's foremost soil scientists and leaders in the field of grassland agriculture will bring to the United States the latest research and educational programs designed to give further impetus to grassland in a sound farming program. They will focus attention on grasslands for: (1) A more balanced agricultural economy; (2) conservation of soil and water resources; and (3) a more abundant production of meat and livestock products. By achieving the goals of the Congress, research and educational leaders of the world concerned with grassland farming will make a definite contribution toward building the national economic strength of their respective nations.

## Sponsors

The interest and personal efforts of many of the nation's leading trade associations and agricultural organizations are being mobilized to insure the success of the Congress which is being sponsored by the U. S. Departments of State and

Agriculture, and the Food and Agriculture Organization of the United Nations. Government funds are being used to finance the major cost of the Grassland Congress, leaving a small but important financial responsibility to American business to provide the balance of the budget.

## Finance Committee

The finance committee, headed by Wilbur G. Carlson of the A. O. Smith Corporation, Milwaukee, Wisconsin, is actively enlisting the support of business and industrial leaders throughout the country. The committee is seeking to give widespread opportunities to American business to contribute to a program which they believe to be in the best interest of the national welfare.

A. G. Brown, director, Agricultural Commission, American Bankers Association, New York City, is a member of the finance committee.

"The responsibility of the finance committee is not great in terms of dollars and cents," Mr. Carlson said. "However, we are vitally concerned with financing that portion for which the Government has not appropriated funds. Our concern for the success of the meetings is shared by some of the nation's leading trade associations, their members, and many other segments of private industry who are giving unselfishly

of their time and energies to build a sound and prosperous agriculture both at home and abroad.

"As we help stabilize the economy of the democratic nations of the world through scientific know-how and practical educational programs," he said, "we diminish our responsibilities for giving financial aid and, consequently, reduce the financial output of our own Government."

In many areas of the world, including the United States, grasslands provide a great undeveloped resource which can be used to increase the production of food. Practically speaking, the Sixth International Congress will provide an opportunity for scientists and technicians from various parts of the world to exchange information concerning the production, improvement, management, and use of grasslands. Approximately 65 countries will be invited by the U. S. Government to participate in the Congress.

The organizing committee expects an attendance of approximately 2,000 to 2,500 specialists from the United States and other countries.

Financial contributions to the Congress should be made payable to the Treasurer of the Sixth International Grassland Congress and mailed to Mr. Carlson, Room 1049, 1778 Pennsylvania Avenue, N.W., Washington, 25, D. C.

## The Savings Picture

(CONTINUED FROM PAGE 67)

the savings banks spend as much as  $\frac{1}{4}$  of 1 percent of their savings deposits in promoting savings. Another 5.3 percent of commercial banks, and another  $\frac{7}{10}$  of 1 percent of savings banks spend from  $\frac{1}{10}$  of 1 percent to  $\frac{1}{4}$  of 1 percent; 16.5 percent of commercial banks, and 12.7 percent of savings banks spend from  $\frac{1}{20}$  to  $\frac{1}{10}$  of 1 percent; and finally we learn that 74.1 percent of commercial banks and 85.9 percent of savings banks spend less than  $\frac{1}{20}$  of 1 percent.

It may help in analyzing the percentages mentioned above if we relate these percentages to a \$10,000,000 savings institution:

Institution Spending	Budget
$\frac{1}{4}$ of 1% of savings deposits	\$25,000
$\frac{1}{10}$ of 1%	10,000
$\frac{1}{20}$ of 1%	5,000

## Conclusion

In competing with savings and loan associations, we must keep before the public the advantage of doing business with a bank. We cannot, or should not, compete on rate, but we can serve better; we can be just as friendly, but with an expenditure of \$5,000 or less for promotion we cannot adequately compete with an association spending \$25,000 or more, assuming that its promotion is effectively aggressive.

(END)

## Knowing Your Neighbors . . .

**I**N her column "The First National Tell-Tale-Teller," Belle S. Hamilton (Leesburg, Florida) recently commented on a talk on country banks by Mrs. Grace Stalcup, president of the Winfield (Alabama) State Bank.

"She concluded her talk," said Mrs. Hamilton, "with the appealing statement, 'Knowing our neighbor and helping our neighbor and growing with our neighbor are among the chief joys of the country banker.'" . . .

Would you agree with Mrs. Stalcup?



Planning Herrin's broiler business are Ben Gibbons, Purina Salesman (left), H. A. Whittenberg, cashier and trust officer of The Bank of Herrin, and Carl Cravens, Purina Dealer at Herrin.

Perhaps you've heard about Herrin, Ill., a town that wouldn't let the ghosts move in. A few years ago Herrin was a prospering coal mining town. Then the inevitable happened... the coal started running out, and mine after mine shut down. The people of Herrin realized they had to find a way to bring dollars into town... a new and permanent way. They began a community drive with The Bank of Herrin taking an active part. It was decided to invite new industries to Herrin. To make the invitation attractive, local businessmen contributed to a fund for the purchase of plant sites. These sites were turned over lock, stock and barrel to incoming manufacturers. Manufacturing is one of the mainstays of Herrin's new-found prosperity. But ever on the lookout for new, permanent and profitable business, H. A. Whittenberg, cashier and trust officer of The Bank of Herrin and one of the guiding lights of

the growth campaign, has also promoted the agricultural interests of the community.

He sees a good future in broiler raising and the bank is now lending money for the construction of broiler houses in the area. Further expansion is planned for the future.

Says Mr. Whittenberg, "In Herrin we want new business that will grow with the community. We're sure that the broiler industry will fit into this pattern."

Working with Mr. Whittenberg in building this broiler business are Carl Cravens, Purina Dealer at Herrin, and Ben Gibbons, Purina Salesman. These two are helping Mr. Whittenberg to hand-pick the men that will receive broiler loans.

We like to point this out as another example of an aggressive banker working with the Purina Dealer and Purina Salesman to help bring added prosperity to the community through agriculture.



### THE PURINA DEALER IS A MAN YOU SHOULD KNOW

Rural bankers in many communities are finding their Purina Dealer a good man to know. He and his employees contact farmers day in and day out. They know when the farmer needs banking service, they know when the banker has a good risk and a bad risk. If you have never discussed your services with your Purina Dealer, make it a point to do it soon.

If you do not have a Purina Dealer in your community, find out about the opportunities of the Purina Franchise by writing Department C.

**RALSTON PURINA COMPANY**

1605 Checkerboard Square

St. Louis 2, Missouri

# Treasury Tax and Loan Accounts

**T**HE use of Treasury tax and loan accounts is increasing. Treasury tax and loan accounts are Treasury accounts at banking institutions that qualify as "special depositaries."

Since March 1951, the Treasury has been following a procedure whereby banks are credited in their Treasury tax and loan accounts with amounts equal to the checks of \$10,000 or more which have been drawn upon these banks in payment of income taxes and excess profit taxes. This procedure has been followed each quarter since March 1951, with the exception of last December when only 50 percent of these \$10,000-and-up checks were credited to Treasury tax and loan accounts. In all other tax periods the entire amount of these \$10,000-and-up checks were credited to these accounts.

Credits to Treasury tax and loan accounts from these tax payments are called "X" balances and the funds thus accumulated are withdrawn gradually as needed by the Government. This procedure has

done much to soften the impact of tax collections on the reserve position of the banks.

## \$10-Billion Credited

During 1951, Treasury tax and loan accounts were credited with 61 percent, or more than \$10-billion, of all withheld and Social Security taxes, and during the last half of 1951 they were credited with 29 percent, or \$7-billion, of all other taxes. Tax collections in March of this year totaled about \$10-billion, of which amount more than 50 percent was credited to Treasury tax and loan accounts. In addition to withheld income and other taxes, proceeds from the sale of savings bonds, tax savings notes and all other original issues on subscriptions, including two special issues of tax anticipation bills, made by or through banks (with the exception of the regular issues of Treasury bills) are now eligible for credit to Treasury tax and loan accounts. This whole procedure has, of course, resulted in increasing Treasury balances in commercial banks and decreasing Treas-

ury balances in Federal Reserve banks. During the past four years Treasury balances in commercial banks have more than doubled. Here are the figures for these years:

During 1948, Treasury balances in commercial banks averaged \$1.9-billion, or 52 percent of total Treasury balances.

During 1949, Treasury balances in commercial banks averaged \$2.3 billion, or 71 percent of total Treasury balances.

During 1950, Treasury balances in commercial banks averaged \$2.8-billion, or 79 percent of total Treasury balances.

And during 1951, Treasury balances in commercial banks averaged \$3.9-billion, or 86 percent of total Treasury balances.

In March 1951, Treasury balances in commercial banks reached almost \$6-billion and in April were in excess of \$5-billion. Again, in June 1951, Treasury balances in commercial banks were \$5.7-billion.

The American Bankers Association's Committee on Federal Depository Functions and Fiscal Procedures has suggested that the Treasury make a firm commitment to follow the "X" balance procedure regularly every quarter. Treasury officials tell us that this procedure will probably continue periodically but, because of the necessity of maintaining a high degree of flexibility in this operation, they can not commit themselves to a regular arrangement. Our request that the minimum amount of these tax payments be changed from the present \$10,000 minimum to \$5,000 has been rejected (at least temporarily) because of the difficulty in sorting out checks with amounts in less than five digits.

As of December 31 last, there were 11,119 banks qualified as Treasury tax and loan depositaries, of which 8,945 were qualified to accept tax deposits. The committee urges those banks that have not qualified to do so and to invite their depositors to pay withheld taxes through their own bank.

C. EDGAR JOHNSON

(Mr. JOHNSON is chairman of the A.B.A. Committee on Federal Depository Functional and Fiscal Procedures, and is vice-president, First National Bank of Chicago.)

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## Washington

(CONTINUED FROM PAGE 40)

tration should be divided among Federal supervisory agencies.

In its reply the Treasury told Mr. Spence that it still favored the principles of the second Robertson Bill except that it still favored divided administration.

The FDIC specifically endorsed the second Robertson Bill. "Upon the basis of our studies and analysis of the situation we are inclined to favor the principles of bank holding

company legislation set forth in S. 3547 (the second Robertson Bill) which was considered in the 81st Congress," said the FDIC.

It was further reported that the views of the Federal Reserve, Treasury, and FDIC on the principles of the second Robertson Bill also met with the approval of most of the state bank supervisors.

At its spring meeting the Executive Council of the A.B.A. adopted a resolution directing the Association's Interim Committee to "continue and intensify" its efforts in the direction of bringing about ap-

propriate bank holding company legislation. The resolution read:

"Resolved, that the American Bankers Association hereby directs the Interim Committee to continue and intensify its efforts with the Federal supervisory agencies and with other interested groups to bring about appropriate bank holding company legislation consistent with the principles heretofore enunciated in the resolutions adopted by this Association at Boston and Detroit."

### Prospective Action Dim for 1952

**P**ROSPECTIVE action by Congress on the final form of a bank holding company bill, however, appeared dim to all concerned at the Capitol.

While the FDIC, Federal Treasury, Comptroller of the Currency, and state supervisors seemed to be moving toward a broad area of agreement centered around the second Robertson Bill, Chairman Spence, on the other hand, was reported to hold to the view that this bill, more nearly resembling the "first Robertson Bill," is the one that should be passed.

Senator Robertson, on the other hand, told BANKING that he most definitely favors only the second bill. When asked what plans he had for dealing with a bank holding company bill at this session of Congress, the Senator outlined the situation as follows:

Because of the pressure upon members of the Banking Committee to deal with extension of the Defense Production Act, and the further preoccupation of himself and some other members of the committee, who are also members of the Senate Appropriations Committee, with the drive for economy, he will not in any case take the initiative before his subcommittee on any legislation on this subject.

If (1) the House acts on bank holding company legislation, and (2) if the House passes the second Robertson Bill, and (3) finally, if the President carries out his threat to hold Congress in special session throughout summer and fall to force his viewpoint against economy in military appropriations, then and then only will the Virginia Senator convene his Banking subcommittee to consider the second Robertson Bill.

(CONTINUED ON PAGE 106)

### The Revamped Savings Bonds

**T**HE Treasury's revamping of the Savings Bond program raises rates on E bonds by shortening maturity; adds a new bond on which interest is paid by semi-annual check; does away with F and G bonds and substitutes new ones. (See also *Government Bonds* in this issue.)

The over-all interest rate on Series E bonds is increased from 2.9 percent to 3 percent by shortening the maturity from 10 years to 9 years and 8 months. The bonds also improve substantially in redemption value if turned in before maturity, and the limit on purchases by an individual is doubled—to \$20,000 in any one year.

The new bond, Series H, will be sold only to individuals in multiples of \$500, and bears an effective rate of interest of 3 percent if held to maturity—also 9 years and 8 months. Semi-annual interest checks will be mailed out, amounting to \$12.50 for each \$1,000 in bonds for the first four years, and \$17 semi-annually until maturity.

The F and G bonds are replaced by new Series J and Series K bonds. These new bonds bear interest at the rate of 2.76 percent if held to their 12-year maturity, as contrasted with 2.53 percent and 2.5 percent, respectively, for the F and G bonds which they replace. They also carry higher intermediate redemption values. The annual purchase limit on these has been doubled to \$200,000.

The Treasury discourages present holders of E bonds from turning them in to buy the new ones. It says there is no gain where the bond has been held for more than a year. There would be a small gain—pennies—if E bonds just purchased were turned in and the new series acquired.

### Long-Term Bonds

Secretary of the Treasury Snyder announced an additional step in the Treasury's program to raise funds required in financing the defense program from nonbank sources.

On May 19 the Treasury offered for subscription for "a limited period" additional amounts of the 2½ percent Treasury bonds, Investment Series B-1975-80. These bonds were originally issued April 1, 1951; they are nontransferable, but may at the owner's option be exchanged for 1½ percent five-year marketable Treasury notes to be dated April 1 and October 1 of each year during the life of the bond.

Subscriptions to the new bonds may be paid for in full in cash, or not less than one-quarter of the amount subscribed for may be paid for in cash and the remainder by exchange, par for par, of bonds of any of the four outstanding restricted Treasury bonds with the longest maturities.

Commercial banks are excluded from this offering, except to the extent that they turn in restricted bonds acquired prior to December 31, 1945, for the partial investment of their savings accounts.

Cash proceeds from subscriptions to the 2½ percent bond may be deposited in the Treasury tax and loan accounts.

# Field Warehouse-minded bankers make more loans and more profits

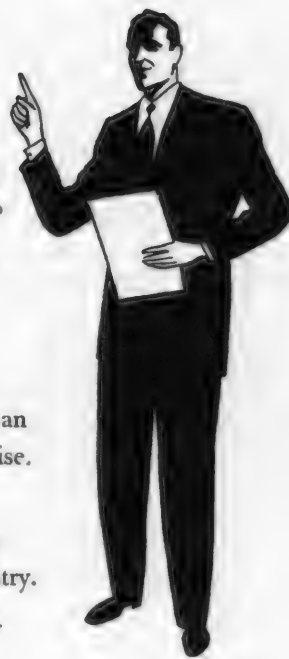
**P**ERHAPS you could have said "Yes" to a number of those *not*-granted loan applications. Did you consider supporting them with field warehouse receipts?

Today many banks make a point of considering field warehousing in connection with *every* inventory-supported loan.

In literally hundreds of cases each year, the security of Lawrence Field Warehouse receipts leads to an extension of credit which would not be granted otherwise.

Bankers also prefer Lawrence experience, Lawrence financial strength and Lawrence legal liability and bond coverage—the best and strongest in the industry.

Next time inventory figures in a loan application, consult with your local Lawrence office.



## LAWRENCE SYSTEM

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NEW YORK, 72 Wall St.

Offices In All Principal Cities

(CONTINUED FROM PAGE 104)

Another element in the picture was that after the Federal Reserve Board memorandum had been made public, two leading advocates of the Spence Bill recorded themselves as unimpressed with the Reserve Board's memorandum and still strongly in favor, instead, of the Spence Bill, in a communication to Mr. Spence.

The letter was signed by Ben Du Bois, secretary, The Independent Bankers' Association, and by Harry J. Harding, who is president of The Independent Bankers' Association of the Twelfth Federal Reserve District.

The Spence Bill, the letter said, "definitely prohibits evasion of the law on these two points" (or upon holding companies going into non-banking businesses or evading laws on branch banking). The Spence Bill,

they said, "is a brief, easily understood, and workable bill, adequately providing the necessary protection now lacking in existing law."

#### Loan Decline Is Seasonal

LOOKING over the behavior of commercial and industrial loans, officials found that the decline in the spring of 1952 had "at least" been seasonal. The volume appeared to them to be not far from seasonal, in terms of absolute figures. However, included within loans this year was a substantial volume of defense business, so that with defense-induced borrowing excluded, the decline has been "at least seasonal," officials said.

#### Develop Inter-Agency Report

GOV. POWELL was required to remain on the Board for a period after

the suspension of VCR, of whose national committee he is chairman. in order to handle various matters assigned to him.

One was serving as chairman of an inter-agency committee named last fall as a result of the dispute between state supervisors and the FDIC over the former FDIC minimum capital requirement imposed as a condition to granting deposit insurance.

Little has been heard of this inter-agency committee since its appointment, but it is reported to have developed a set of recommendations for facilitating smooth arrangements between state and Federal bank supervisory officials, especially on the matter of cases of allegedly deficient bank capital.

This set of recommendations was said to have been developed during May by the inter-agency committee, and was embodied in a report circulated among the Federal and state supervisory officials for comment, amendment, or adoption.

#### Monetary Hearings Printed

COMPLETE hearings of the Patman Committee inquiry have now been printed. They total 995 pages, and contain at the instance of Senator Paul H. Douglas (D., Ill.) the controversial correspondence between

(CONTINUED ON PAGE 108)

## 20 of America's 25 Largest Businesses are Shawmut Customers\*

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#### Bank Building

IT looks now as if around the end of the year banks will be free to construct new buildings or branches without irksome restrictions on materials.

A three-month limit on use of three specific materials per project goes into effect October 1, as a test of demand for building materials. After this date banks may use up to 25 tons of carbon steel, 750 pounds of copper, and one-half ton of aluminum per separate project for each three months a project is under construction.

If demand for construction is not too great, if there is no prolonged steel strike, and no new war crisis, then commercial construction should be practically control-free at the end of the year.



# How earnings work to produce more oil

IMPORTANT FACTS FROM THE 1951 ANNUAL REPORT OF STANDARD OIL COMPANY (NEW JERSEY)

**I**N THE FREE WORLD, people use tremendous amounts of oil. Meeting their needs, rising year after year, has been one of the notable industrial accomplishments of our time.

For example, the peak war effort in 1945 pushed use of oil 23% higher than in 1940. This looked like a mark that would not be topped for years.

But vigorous post-war reconstruction, and expansion of industry, transportation and agriculture, made oil use in 1946 greater even than in 1945. And in 1951 it was 58% higher than in 1946.

To supply this oil has called for great expansion by the petroleum industry. It has meant new wells, pipe lines, storage tanks, refineries, tankships . . . in times of high costs.

The job has required a vast outlay of money, which has been provided largely by the industry's own earnings.

How this works out is shown in the case of Standard Oil Company (New Jersey), an American corporation having investments in companies carrying on the varied functions of the oil business in the United States and abroad.

Consolidated net income of Jersey and affiliates for 1951 was \$528,461,000. Of this, \$278,862,000, or 53%, was used to help provide new equipment.

In the six years since 1945, Jersey and affiliates have spent \$2,350,000,000 for replacement and expansion of facilities. Depreciation and depletion reserves provided only 44% of that amount. The largest share of the expenditure was met by the reinvestment of earnings.

During 1951 alone, to do their part in supplying more oil for the free world, companies in which Standard Oil Company (New Jersey) has investments:

## Discovered Oil

In the United States, made new oil discoveries in the Williston basin, the Uinta basin, and Texas . . . In Latin America, extended known fields in Venezuela, and opened up a new area in Colombia . . . In the Middle East, Arabian American Oil Company made two important discoveries, one in the offshore waters of the Persian Gulf . . .

## Developed Production

In the United States, drilled more wells than in any year since 1937, and greatly expanded secondary recovery operations to get more oil from existing fields . . . In Venezuela, completed 190 producing wells . . . In Canada, increased total producing wells from 844 to 1,140 . . . In the Middle East, Arabian American Oil Company and Iraq Petroleum Company increased production 57% . . .

## Expanded Refining Capacity

At Baton Rouge, La., and Everett, Mass., enlarged refineries . . . At Winnipeg, in Canada, opened a new refinery and, at Edmonton, Sarnia, and Van-

couver added facilities . . . At Fawley, England, put the largest refinery in the United Kingdom on stream . . . At Antwerp, Belgium, proceeded with field work on a large refinery . . . At Durban, South Africa, started work on a refinery, and at Bombay, India, completed arrangements to build a new one . . .

## Expanded Transportation

In the United States, boosted pipe line capacity substantially, particularly in the South . . . Ordered twelve new ocean-going tankships, bringing the post-war total of those purchased or contracted for to 72 . . . Began to bring Western Canadian oil to consumers in the Eastern provinces by means of two large, new Great Lakes tankers, with a third going in service this spring . . . In Iraq, Iraq Petroleum Company brought near completion a new 556-mile pipe line from the oil fields to the Mediterranean. It will permit oil production in Iraq to be more than doubled in 1952 . . .

## Advanced Research

Put into the search for new and improved processes and products a total of \$23,100,000, one of the largest expenditures for such a purpose by any company . . .

## Continued Good Employee Relations

The interest of the company and its employees in maintaining good mutual relationships resulted in another year without strikes or work stoppages in the domestic affiliates. This was an important factor in meeting the increased demand for oil . . .

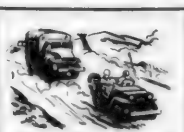
**A**S THE FREE WORLD GROWS IN STRENGTH, it calls for more and more oil. So, not just to the 254,000 shareholders who own Jersey, but to people on freedom's side all through the world, the two outstanding facts about our Annual Report for 1951 are: (1) Jersey affiliates again did their part in meeting the growing needs for oil; and (2) the competitive business system that did this job produced the earnings to help meet even greater needs in the future.

## FINANCIAL SUMMARY

Standard Oil Company (New Jersey)  
and Consolidated Affiliates

Total income from sales, services, dividends and interest.....	\$3,863,317,000
Net income .....	\$528,461,000
	or \$8.72 per share
Dividends .....	\$249,599,000
	or \$4.12½ per share
Wages and other employment costs.....	\$600,500,000
Taxes charged to income.....	\$400,700,000
Other taxes, collected for governments.....	\$329,900,000
Spent for new plants and facilities.....	\$381,824,000
Number of shareholder-owners.....	254,000
Number of employees.....	120,000

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AND AFFILIATED COMPANIES

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(CONTINUED FROM PAGE 106)

the Federal Reserve System (including the Open Market Committee) and the Treasury, and the System and the White House, which marked the tense stage of the monetary dispute which preceded the accord of March 4, 1951, between the Treasury and the Reserve.

### Banks Pay Off RFC

BETWEEN December 31, 1951, and April 15, 1952, half the banks which on the earlier date held RFC capital either made arrangements for its liquidation or for its sale to friendly buyers. There were 281 banks on the books December 31 where such capital existed, and only 140 on April 15.

Of the 140 remaining banks in which RFC still has these investments, another 50 percent had indicated on April 15 that arrangements were in process of formulation providing for the liquidation or friendly sale of the RFC investment.

In no case had an "unfriendly sale" been made by April 15

Meanwhile, it appeared almost certain that Congress this year would adopt no legislation changing the status of RFC. The Senate did

### Proposed Merger Called Off

WHILE page 30 of this issue of BANKING was on the press, it was announced that the proposed merger, reported on that page, of the Manufacturers Trust Company of New York and the New York Trust Company had been cancelled for lack of "enthusiastic support" of the latter's stockholders.

consider the RFC reform bill sponsored by Senator J. William Fulbright (D., Ark.). This bill would have made law substantially of the present single-head operation of the agency.

However, the Senate substituted for the Fulbright Bill the bill by Senator Richard F. Byrd (D., Va.) to end RFC. The vote was merely procedural on substituting the consideration of the Byrd measure for the Fulbright Bill.

Subsequently the Senate sent the whole question of RFC legislation back to committee. Even if the Senate took another vote on this question, House action this year was ruled out because members of the House Banking Committee are opposed to any change at present.

### HAVE YOU SEEN . . .

(1) An authoritative discussion of Federal Reserve thinking which led to the suspension of VCR. Write to the Board of Governors, Federal Reserve System, Washington 25, D. C., for the speech by Gov. Oliver S. Powell before the 62nd annual convention of the Tennessee Bankers Association.

(2) An explanation from the point of view of Government housing officials of why they want the Maybank housing bill. Write to Raymond M. Foley, Administrator, Housing and Home Finance Agency, Washington 25, D. C., for the text of his statement to the Senate Banking Committee on this subject.

(3) The Federal Reserve Board statement of principles suggested for a bank holding company regulation bill. Write to the Board of Governors, Federal Reserve System,

Washington 25, D. C., for the Board's letter on this subject to Chairman Brent Spence of the House Banking Committee.

(4) A discussion from the point of view of advocates of tougher treatment of corporation surpluses, write for a report entitled, *The Taxation of Corporate Surplus Accumulations*, to the Joint Committee on the Economic Report, U. S. Capitol, Washington, D. C.

(5) Formal announcement and explanation of the revised Savings Bond program. Write to the Information Office, Treasury Department, Washington 25, D. C.

(6) The printed text of the oral hearings before the Patman Committee. This volume may be purchased for \$2.25 from the Superintendent of Documents, Government Printing Office, Washington 25, D. C. Ask for the *Hearings on Monetary Policy and Management of the Public Debt*.

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new standards in automatic calculator  
performance. Let the Friden Man show you...



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of American Business**

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## Banks Go to the Fair II

(CONTINUED FROM PAGE 65)

the Jersey cattle shows and the 4-H Club shows." Old Capital gives \$75 a year to the premium fund.

The Eaton, Ohio, banks, where the one hundred and second county fair will be held next fall, contribute prizes and trophies for the best in various 4-H Club entries, especially for livestock entries.

### Literature Distributed

New friends were made for The National Bank of Dover, Ohio, by passing out brochures telling about the bank's services. "The result," said Vice-president A. V. Lind, "was that we made many new contacts and followers."

### 4-H Fairs

George T. Fowler, agricultural representative, Frontier Trust Company, Fort Fairfield, Maine, writes that the banks in his area bid on 4-H baby beef entries at the 4-H Fair auction. "Our bank," reports Mr. Fowler, "has participated with the Maine Bankers Association in purchasing a heifer calf that is presented to a 4-H Club boy for outstanding work in his particular project."

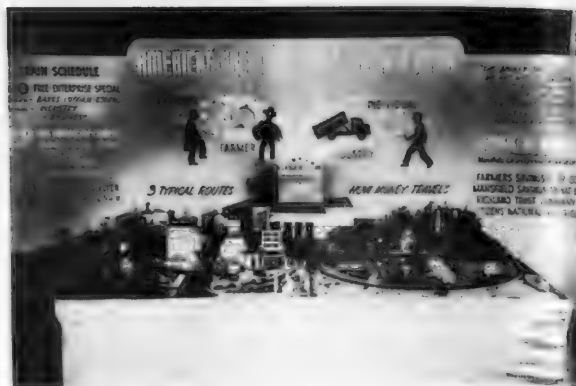
In Beloit, Wisconsin, The Rock County Bankers Association's agricultural committee gives financial aid to the Rock County 4-H Fair. R. B. O'Brien, assistant vice-president of The Beloit State Bank, reports that the association appropriates from \$100 to \$150 prize money to assist in the development of a bull calf club. Calves are awarded to worthy 4-H Club members, who raise them, show them at the 4-H Fair, and then in the fall have a show and sale. An achievement banquet is held, when club members and parents are entertained and prize money is awarded to members on an achievement basis.

Another Midwestern bank, The First National Bank of Sardinia, Ohio, sponsors a 4-H calf club for members in Brown and Highland counties. Approximately 100 steers have been distributed, according to President M. S. Rossett.

### Dairying

Six banks in the vicinity of Fayetteville, Arkansas, encourage farm youth groups to raise dairy cattle

★  
The Mansfield  
(Ohio) Clearing-  
house Association's freedom  
fair exhibit  
★



by awarding registered heifers to six boys and girls who win awards at the county fair for feeding and showing their own dairy heifers.

### Slides Projected

For several years The Beatrice (Nebraska) National Bank has taken colored slides of 4-H exhibitors in the beef and dairy clubs at county fairs, prints of which are presented to the boys and girls. During the winter the slides are available for showing at 4-H meetings and other community activities.

### Livestock Breakfast

As a prelude to the Western Stock Show in Denver, The U. S. National Bank of Denver for 12 years has invited some 300 prominent livestock men to a breakfast at the Denver Club. This bank also takes two boxes for use of its out-of-town customers and guests.

Some of the Denver banks buy calves for the "Catch It Contest" conducted several nights during the show for younger 4-H boys.

### Exhibits

Before concluding this report, we want to mention a few more exhibits which were omitted last month for space reasons.

A. C. Hansen, field representative of the Citizens State Bank in Hiawatha, Kansas, writes that he has served as chairman of an annual crop show held in the basement of Hiawatha's memorial auditorium. At a bank booth colored slides are shown of people and their homes, waterways and terraces, 4-H Club calves, cattle on pasture, etc.

### Soil Erosion Booth

A soil conservation display booth is sponsored each year at the Val-

ley County Fair by The First National Bank of Glasgow, Montana. In addition to displaying large black and white pictures that tell the story of soil erosion, the bank projects colored slides. In reporting this activity, Stephen J. Urs, First National's agricultural representative, states:

"The soil district cooperates by adding displays of model farms (showing) good conservation practices." The bank's booth is 20 feet long and includes lounge and rest room facilities.

First National joins with the Farmers-Stockgrowers Bank in giving special awards to 4-H Club and Future Farmers of America members participating in fair contests.

### Bank-O-Rama

Out of 85 display booths by industry, civic and religious groups, labor unions, etc., at the four-day Mansfield (Ohio) Freedom Fair, the Mansfield Clearinghouse Association's double booth was selected by the local advertising club for second-place award.

The clearinghouse's "Bank-O-Rama" illustrated in simplified form how bank loans and investments keep money traveling for the benefit of America's free enterprise.

Animation was achieved by moving electric trains. The "Free Enterprise Special" was used to depict how bank loans to basic industries provide the money to buy raw materials and tools; the "American Express" showed how bank loans provide money to buy homes and merchandise sold by contractors and retailers; and the "Mansfield Flyer" illustrated bank loans to retailers, wholesalers, service establishments, and to governments. (END)

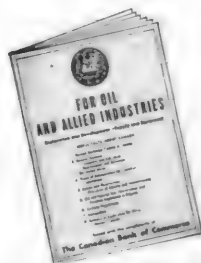




## "CONNECT" WITH CANADIAN OIL!

American banks, and their customers who are engaged in the petroleum industry are invited to consult the "banker-geologist" team of our Petroleum and Natural Gas Division at Calgary—unique in Canadian banking. These men know Canadian oil . . . follow trends and developments . . . interpret regulations. They can give valuable help in connection with problems north of the border.

Moreover, with nearly 100 branches throughout the oil country of Western Canada, we are particularly well equipped to provide on-the-spot Canadian banking services. The new edition of our book, "For Oil and Allied Industries," may be useful to you and your customers. Send for it.



### Newly Revised!

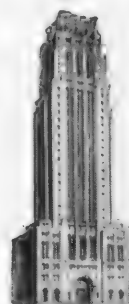
"For Oil and Allied Industries" brings you up to date on such matters as Canadian taxes; leases and reservations; customs regulations; a map of the oil and gas fields; and a wealth of other information. Write for your copy to: Petroleum and Natural Gas Division, The Canadian Bank of Commerce, Calgary, Alberta, Canada.

## The Canadian Bank of Commerce

HEAD OFFICE: TORONTO

New York San Francisco Los Angeles Seattle Portland, Ore.

More than 600 Branches across Canada



# Your Letterhead IS PART OF YOUR INSTITUTIONAL PROGRAM



**IT IDENTIFIES YOUR EXECUTIVE PERSONNEL**  
Printing the names and titles of executives on your letterhead adds authority to correspondence.



**IT IDENTIFIES YOUR PLANT OR OFFICES**  
Company responsibility can often be expressed by printing a picture of plant or offices on the letterhead.



**IT IDENTIFIES AGE AND RESPONSIBILITY**  
If your company is long established, the founding date printed on your letterhead has important institutional value.

The basic types of institutional letterheads are shown, with type and production specifications, in the Neenah Test Kit of 24 basic letterhead treatments enclosed in the portfolio, *The Psychology of Business Impression*. This portfolio has been read by thousands of business and professional men throughout America who have registered their letterhead preferences in the Neenah Letterhead Test. You are invited to write for a free copy of this portfolio. Simply check the coupon below, sign your name, and attach to your letterhead.

## COURTESY COUPON

- ☐ *The Psychology of Business Impression, Letterhead Test Kit, and Opinion Cards.*
- ☐ *3 Keys to selection and use of Neenah Thin Papers, a portfolio of samples with ideas for effective use of thin papers.*

SIGNATURE \_\_\_\_\_

B3

NEENAH PAPER COMPANY, Neenah, Wisconsin



## Government Bonds

(CONTINUED FROM PAGE 51)

given. Furthermore, payment can be made in four instalments, the last on December 1, 1952. On the assumption that about half of these holders make the exchange, perhaps \$1,500,000,000 of new money would be raised and it might be more.

On the roughest kind of guess, the Treasury might now have provided for perhaps \$3,500,000,000 of new money, made up of \$1,500,000,000 of new bills, \$500,000,000 from Savings Bonds, and \$1,500,000,000 from cash subscriptions to the 2¾ percent bonds. This would be a good start in getting what will be needed, and nearly all noninflationary. Later it may be necessary to offer a fully marketable bond in which commercial banks could take an interest, but this will not be done until the results of the present program are known.

## Confident Market

All during April, Government bond prices improved.

Actually the price movement reflected the obvious lack of any inflationary developments. On the contrary, Administration actions in untying the strings on municipal financing, releasing all sorts of goods from allotment control, and suspending the Voluntary Credit Restraint organization and Regulation W, tell their own story. A more than seasonal decline in business loans was another straw showing which way the wind was blowing. It is not too rash to suggest that a pretty stable market can be expected for some time with rather more chance for higher prices and lower interest rates than the reverse.

Now that the 2½s 67/62 can be purchased by banks, we should think that present holders would sell at the current market and purchase some of the not-so-much-longer 2½s still available at discounts.

With two minor exceptions, nothing changed in the Federal Reserve portfolio during April. Consistent demand for the 1⅞ percent certificates maturing on July 1 was met by letting out \$165,000,000 for market absorption.

Also \$500,000,000 of 2¾ percent bonds 1980/75 were exchanged for 1½ percent notes due April 1, 1957. Less than \$500,000,000 of the 2¾s remain on the Open Market Committee shelves.

# NATIONAL HOMES uses only Quality Materials

## ... another reason why National Homes Mortgages are sound investments

Every house produced by National Homes Corporation contains only top quality materials. Famous products such as Owens-Corning Fiberglas, U. S. Gypsum Sheetrock, Upson Strong-Bilt Panels, Youngstown Kitchens, Bruce and Delfair Flooring, Douglas Fir Plywood, Anderson Wood Work, are used throughout. Result: all National homes not only look smart — they stay smart. From every angle these fine homes make fine investments.



National Homes prefabricated panels and structural parts are commended by Parents' Magazine as advertised therein.

NATION'S LARGEST PRODUCERS OF  
QUALITY HOMES AT THRIFT PRICES



## New Capital

(CONTINUED FROM PAGE 48)

ticular segment of business or agriculture for national well-being.

\* \* \*

"My congratulations to your country for your progress in agriculture must in no way detract from the gains you have also achieved in industry. Your economic progress over the last decade has been outstanding not only among the Latin American nations but also in the world. You

have more than doubled manufacturing production.

\* \* \*

"I am convinced that without encouragement for capital, your country would not have moved as far along the road to the achievement of a balanced industrial and agricultural economy. A country that seeks to become industrialized must attract new capital, from within its own borders as well as from abroad. I believe that the wisdom your country has displayed in refusing to fetter your international financial

relationships with exchange restrictions, for example, could well serve as a lesson for many other nations that would like to attract new capital for industrial development.

\* \* \*

"Mexico has an important stake in the health of the United States business picture. Since you obtain from us most of your imported goods—machinery, automobiles, equipment, and a long list of other products—you are naturally concerned about our ability to attain higher and higher goals of production to cure shortages in those lines that are so vitally needed to construct the defense machinery and to provide the means for expansion of industrial output.

\* \* \*

"I feel that banking in the United States has a responsibility toward the welfare of your country. Our credit facilities must play a key role in helping the flow of production so vitally needed in these critical times. A sound credit situation is essential to a healthy economy. That means that the banking system must be responsive to the requirements of a dynamic economy, while at the same time never losing sight of the fact that it is equally important to avoid misuses of credit in ways that might harm, rather than help, the national effort—and I might say—international effort.

"In the final analysis, the key to our common needs is production and more production. Shortages breed inflation. Production cures shortages. And credit—wisely administered—encourages production.

"The goals which I have talked about can be achieved only when Mexican and United States capital join together as partners in a business venture based on mutual trust developed in the course of business. This can be brought about by a better understanding among the bankers of our respective countries."

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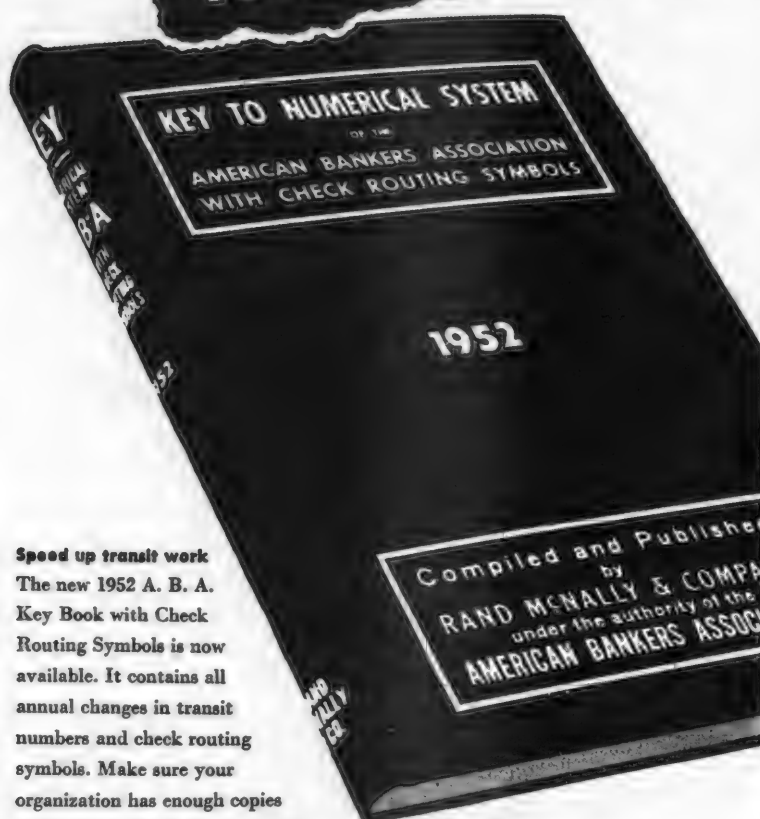
*Courtesy is what keeps you pleasant when you visit with someone you wish would leave.*

America now has most of the wealth and most of the trouble in the world. They always go together.

---

# AVAILABLE NOW

## 1952 EDITION



**Speed up transit work**  
The new 1952 A. B. A. Key Book with Check Routing Symbols is now available. It contains all annual changes in transit numbers and check routing symbols. Make sure your organization has enough copies of the latest edition for completely efficient operation. Order yours today.

**\$4.00 A COPY**

**RAND McNALLY & COMPANY**

PUBLISHERS

536 SOUTH CLARK STREET • CHICAGO 5, ILL.





Here's Mrs. Edwin B. Fisher and her builder, Mr. H. M. Tandy, in her new home. Mrs. Fisher says: "Not only were our friends impressed with the house, but their eyes popped when

I told them that our wonderful General Electric Kitchen cost us only \$3.80 a month extra—because the cost of it was included as a part of our regular mortgage!"

## IDEAL SOLUTION TO A FINANCING PROBLEM

(Is your bank taking full advantage of the Packaged Mortgage plan?)

**You know what happens, financially, to some homeowners** after they have made the down payment on a house, and have met all the other expenses connected with owning a new home.

There may be very little cash left to purchase kitchen and laundry equipment. And, if these purchases are made under short-term obligations, such commitments may become a strain on the family budget.

### **So different with the Packaged Mortgage!**

As so many other builders do, Messrs. Tandy and Allen, developers of Saddle Wood Hills in Hillsdale, N. J., solved this problem last year by fully equipping their new homes with General Electric Kitchen-Laundry equipment, and arranging to have the appliances financed as a part of the regu-

lar mortgages. *Under the terms, monthly payments are increased only \$3.80 a month!*

This eliminates the burden of short-term payments on kitchen appliances. Saddle Wood Hills homeowners are satisfied and willing mortgagors. And furthermore, the economical operation and long life of G-E appliances may offset the slight increase in monthly payments.

*The bank's interests are protected, too, because the houses are truly up-to-date . . . the type that homeowners are proud to maintain.*

We sincerely believe it is to your advantage to include General Electric Kitchen-Laundry equipment as a part of the mortgage.

Home Bureau, General Electric Company, Louisville 2, Kentucky.

You can put your confidence in—

**GENERAL**  **ELECTRIC**



The Union Bank of Commerce, Cleveland, Ohio, writes: "We made a complete installation of Burroughs Bank Bookkeeping Machines and are well pleased with their performance. The new form alignment, the light key touch, and the easier motor bar depression, greatly reduce operator fatigue. We consider these operator advantages important factors in maintaining an efficient bookkeeping staff."

The Indiana National Bank, Indianapolis, says: "We recently replaced our bookkeeping equipment with new Burroughs Bank Bookkeeping Machines and are very well satisfied with this installation. The mental and physical effort required to process a day's work has been reduced to a minimum and the automatic features incorporated in these machines more than fulfill our expectations."



## Helping Bankers Get Things Done...



THE BURROUGHS BANK  
BOOKKEEPING MACHINE

**This is the Burroughs Bank Bookkeeping Machine bankers told Burroughs they wanted.** Built to bankers' specifications, it has been enthusiastically received by thousands of banks all over America—ample proof that it meets bankers' needs.

The reasons are easily understood—for Burroughs does the job *faster, more easily*, and with *greater accuracy*, than possible before. These are practical benefits that spell lower costs to banks—mean more work done in less time!

Your Burroughs representative will be glad to show you how this time- and work-saving machine can help your bank, too.  
Burroughs Adding Machine Company, Detroit 32, Michigan.

WHEREVER THERE'S BUSINESS THERE'S

# Burroughs



# The ABC of Estate Taxes

(CONTINUED FROM PAGE 46)

pending probate proceedings or for any other reason is of no concern. However, an election, often advantageous, is available to the estate to value the assets as of a date one year subsequent to date of death (Section 811(j), I.R.C.). The law states the election must be made on the return timely filed, and a letter dated October 6, 1949, signed by E. I. McLarney, Deputy Commissioner, states that the optional valuation date election is not available when no Federal estate return is required to be filed (gross estate under \$60,000).

While the estate tax law speaks of the term "value," decisions seem consistent in concluding that the terms "value," "market value," and "fair market value" used in our many tax statutes have a uniform meaning, expressed in Regulations 105, Section 81.10(a) as "... the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell..." The taxpayer has the burden of proof as to value.

While value is often difficult of determination, honest opinions may vary materially, and advantages may flow from differences in value; the point of emphasis is that a banker errs in considering estate valuation as a matter entirely different from the buy-or-sell concept. Fair market value at date of death (or at optional valuation date when election is exercised) becomes the tax basis for computing gain or loss on subsequent sale of property transmitted at death by "bequest, devise, or inheritance, or by the decedent's estate from the decedent" (excerpt from Sec. 113(a)(5), I.R.C.).

The value used in an estate return, a state inheritance return, or a probate court inventory establishes a presumption of fair market value and argument and evidence to the contrary must be convincing. If the appraised value is obviously not a true reflection of market value, a different value may be used on the estate return but an additional burden of proof is being assumed. When a banker acts as an appraiser or consults with appraisers in his capacity

of executor, administrator, or family friend, he should realize the tax significance involved. Perhaps by reason of occupational background, it seems that bankers are generally conservative on valuation matters and instances are numerous where low valuations, not involving a cent of estate tax savings, have resulted in increased and unnecessary income tax liability on subsequent sale of property.

## Deductions, Distributions, and Exemptions

It is important to have in mind that certain payments made from estate funds cannot be deducted on income or estate returns; other payments can be deducted on both returns; while yet other payments can be deducted either on the income or on the estate return and, in certain instances, the executor has an irrevocable election as to the most favorable choice. Income actually distributed to beneficiaries during a taxable year or within a period of 65 days following the close of the taxable year, and income distributable currently under the will or state law, regardless of actual distribution, is deductible by the fiduciary and taxable to the beneficiary. The tax savings feature of using distributions to equalize income between fiduciary and beneficiary and avoid high graduated income tax rates has been mentioned. Peculiar also to the fiduciary return is the necessity of classifying receipts and disbursements as to corpus and income transactions, for corpus losses can seldom be deducted against income, and corpus gains are not always distributable.

A new provision was added to the

ANYTHING which increases the Federal deficit is inflationary, and is therefore undesirable. And anything which discourages private investment will curb production, and is therefore ruinous; because production is still the best answer to high prices. That, of course, is why rabbits are cheaper than mink!

—IRVING S. OLDS

Internal Revenue Code in 1948 termed the "marital deduction." The marital deduction may involve a rather complicated computation, and it is hoped the following remarks do not infer an over-simplification. Briefly, the marital deduction provides that, in computing the net estate for Federal estate tax purposes, deduction may be claimed for the amount of property passing outright to a spouse but is limited to 50 percent of the adjusted gross estate. The deduction has no application where there is no living spouse. The surviving spouse must have rather complete ownership and control of property for such property to qualify as a marital deduction item. For example, a life interest in income or an insurance policy payable in instalments generally does not qualify as marital deduction property.

In computing the net estate subject to estate tax, an exemption of \$100,000 is allowed for the basic estate tax and \$60,000 for the additional estate tax. The only purpose of the basic estate tax calculation is to determine the credit for state inheritance tax, so for practical considerations, a \$60,000 exemption should be kept in mind with rates varying from 3 percent to 77 percent.

## Conclusion

In the limited space offered by an article of this type, it seems the conclusion must emphasize the folly of rushing probate proceedings. Particularly is this true where a small estate is involved and the pressure is great, by reason of the financial needs of the beneficiaries, inadequate compensation for the executor, and desire to help close friends. Competent legal counsel is a must. While state law sets certain minimum periods for filing claims against an estate and contesting wills, the optional valuation date election and clearance of income and estate tax liability sometimes require an even longer period. The interests of beneficiaries are not enhanced by short-cut procedures, and the personal liability of the executor makes any service short of a thorough, professional job foolhardy. An executor will find such involvement in the preservation and distribution of decedent's property that he will fully realize the executor's work is no longer the mere completion of prescribed forms.

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## OFFICE TYPEWRITER

EXCLUSIVE

**PAGE GAGE**

—takes the guess-  
work out of  
page-end typing!

—and saves retyping  
hundreds of letters a  
month. See PAGE GAGE  
and other exclusive  
features demonstrated—at any  
Smith-Corona dealer or branch office.



... and  
many  
other  
"Luxury  
Typing"  
features

L C SMITH & CORONA TYPEWRITERS INC SYRACUSE 1 N Y Canadian factory and offices, Toronto, Ontario.  
Makers also of famous Smith-Corona Portable Typewriters, Adding Machines, Vivid Duplicators, Ribbons and Carbons.

## Correspondent Service IN MICHIGAN

Manufacturers National Bank in-  
vites consideration of its facilities  
for serving as your Michigan corre-  
spondent. Prompt, efficient handling  
of items is assured through offices  
strategically located in Detroit,  
Highland Park and Dearborn.

**THE MANUFACTURERS NATIONAL BANK**  
OF DETROIT

*Member Federal Deposit Insurance Corporation*

## These 8 Banks Believe in Advertising

(CONTINUED FROM PAGE 47)

in our vicinity. At the same time we  
have tried to maintain a normal  
growth in consumer credit loans . . .  
For a long time we have realized it  
was not fair to compare our expendi-  
tures with those of a regular com-  
mercial bank with the same foot-  
ings."

Here is how this bank plans to di-  
vide its 1952 advertising budget:

Newspaper advertising	\$3,870
Direct mail	1,440
Displays	450
Calendars	680
Fairs, exhibits, etc.	1,350
Public relations, miscellaneous	1,260
<b>Total</b>	<b>\$9,000</b>

This bank uses no radio because  
tests have not produced the desired  
results. It is considering television,  
but faces the problem of a large per-  
centage of wasted circulation be-  
cause of the local station coverage.

THE PEOPLES BANK, Atlanta,  
Georgia, whose deposits are \$3,614,-  
000, plans to spend \$12,000 in 1952.  
According to T. B. McLeod, vice-  
president, the expenditure is largely  
due to the fact that: "We are a  
small bank located in the downtown  
section of a large city and compe-  
tition requires considerable adver-  
tising."

This bank's budget is divided  
among these media:

Newspapers (3 ads weekly in 2  
papers)  
Radio (spot announcements)  
Bus and car cards  
Billboards

"We believe that the expenditures  
have been justified, as our growth  
has been consistent," says Mr. Mc-  
Leod, giving perhaps the best pos-  
sible argument for advertising.

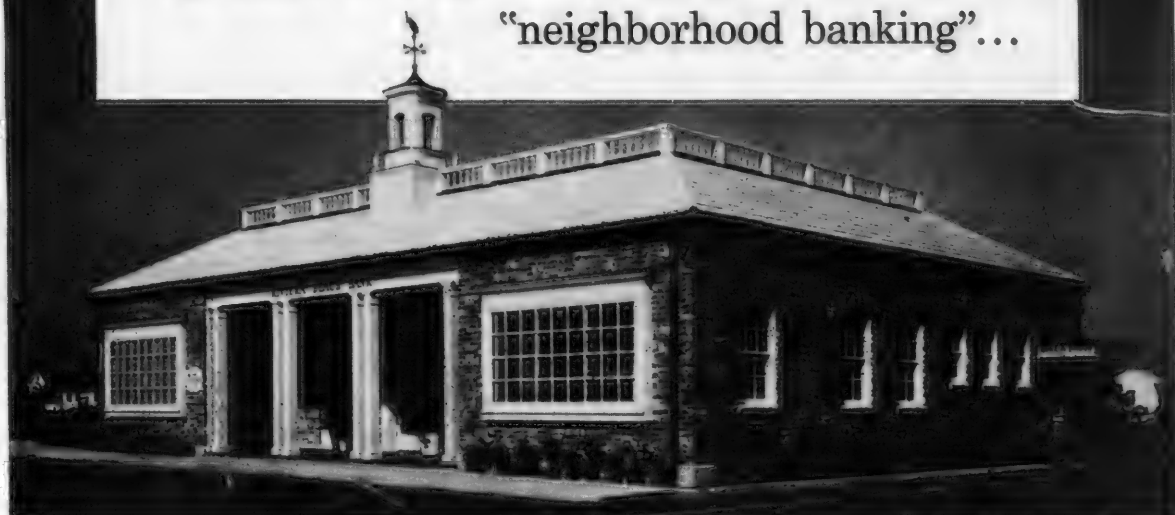
THE PEOPLES BANK OF YOUNGS-  
TOWN, Youngstown, Ohio, with de-  
posits of \$6,043,000, will spend \$10,-  
500 in 1952.

Melvin R. Hazel, executive vice-  
president, told how a decision was  
reached a few years ago to step up  
and modernize the bank's advertis-  
ing. It was also decided that the pro-  
gram should have personal direction  
by a senior officer, and Mr. Hazel

(CONTINUED ON PAGE 120)



our ability to design new quarters for  
"neighborhood banking"...



Riviera Beach Bank, Riviera Beach, Fla.



New quarters of  
the Riviera Beach Bank  
show our versatility in  
effectively using many types  
of architectural design...  
ranging from Colonial to  
Contemporary-Modern.

is reflected in the unusual new-business progress  
of hundreds of community banks...coast to coast!

More and more people are taking advantage of banking in their own community. Alert bankers are recognizing the importance of making it as comfortable, and convenient as possible for these people to transact business without leaving the neighborhood. We've helped many community-type banks develop this new business potential by designing new quarters that are more comfortable, more friendly, more convenient in every way. They're all planned to operate at peak efficiency, too. According to the records, the banking quarters we design are enjoying business increases far above the national average. If you want new quarters that are the very essence of architectural beauty, as well as operational efficiency, write—or telephone us—today!

## Bank Building and Equipment Corporation OF AMERICA

Headquarters: ST. LOUIS, 9th & Sidney Sts. Offices in: NEW YORK • SAN FRANCISCO • ATLANTA



*He likes steak rare, coffee black  
and letterheads on WESTON BOND*



Good judges of fine paper choose the new WESTON BOND every time. Compared for whiteness, texture, opacity and uniformity, it beats anything in its price class. A rag content paper, it

carries the Weston name right in the watermark. Your printer will gladly recommend and use it. Made by Byron Weston Co., Dalton, Mass. Write for sample book. Address Dept. BA.

WESTON BOND Envelopes are made with GRIP-QUIK instant sealing flap gum

# WESTON BOND

Made by the Makers of OLD HAMPSHIRE BOND, BYRON WESTON CO. LINEN RECORD and a Complete Line of Papers for Business Records

## "DEDUCTIONS" OR "PAYMENTS"

From time to time, and more frequently in recent months, we have made special payroll checks which emphasized the TOTAL wages paid to employees and which identified the amounts paid out for the employees as "payments" instead of "deductions." Apparently there are a large number of people in this country who are so poorly informed as to believe that the employer benefits by the "deductions" and that the net amount of their pay checks represents their total earnings.

On occasion we have made checks which, in our opinion, went to extremes in an effort to make employees conscious of the taxes they pay, the amounts they earn, and the contributions of their employers, and we really believe that some of these designs were more irritating than they were corrective. On the other hand, there is no reason why, when an employer takes on the responsibility of making payments for his employees, he should not have the privilege of calling them payments. Nor is there any reason why

he should not have the privilege of emphasizing the total wages he has paid.

Accordingly, we have added to our line of standardized checks two payroll forms which conform in size and design to our PE and PE-8 styles, as displayed on pages 27 and 28 of our current catalog, but which are somewhat different with respect to the wording on the employee's stub. Samples of these new forms are being mailed to all banks this month.

Quite aside from the change in wording, these styles have certain advantages over the conventional three-on-a-page payroll checks and should be well received by your customers. They are far more economical for anyone who employs ten or more people because the complete employee's record, as it is typed on the stub, reproduces on the earnings record card, thus providing a neat, clean, running record for government reporting. Have the young woman who presides over your check desk show these new forms to your customers. They will be pleased with them.

**De Luxe**  
CHECK PRINTING

Manufacturing Plants at:

NEW YORK, PAOLI, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

(CONTINUED FROM PAGE 118)

has thus assumed this responsibility.

"Our first step," Mr. Hazel states, "was to survey the job we believe we must do; next we set out to find the way we could get the most for our advertising dollar. All of our advertising is coordinated and designed to do a special job at the time it is used. Our program is set up for the entire year in advance, subject, however, to such changes as expediency or other reasons may indicate."

The bank's 1952 budget breaks down as follows:

Newspaper	\$ 4,200
Radio	2,310
Bus cards	1,470
Billboards	1,207
Direct mail and miscellaneous	1,313
<b>Total</b>	<b>\$10,500</b>

"Results to date for the most part have been satisfactory," according to Mr. Hazel. "Our auto loan volume has increased about 45 percent in the last two years . . . Savings have increased . . . We definitely feel the expenditure up to this time has paid off."

THE PEOPLES NATIONAL BANK OF NORRISTOWN, Norristown, Pennsylvania, with deposits of \$8,150,000, will spend about \$15,000 in 1952.

T. Allen Glenn, Jr., president, wrote: "It is our theory that methods used by other companies to sell merchandise can also be used by banks."

On the question of obtaining board approval of the budget, Mr. Glenn has this to say: "Because of our keeping the board of directors thoroughly advised on all phases of operation of the bank, and because we present all of the figures at one time, rather than one item one week and another item another week, the board is able to see the whole picture."

This is the allocation of the bank's 1952 expenditure:

Newspaper advertising	\$ 4,900
Displays	700
Direct mail	1,200
Calendars	2,500
Booklets	100
Matches	750
Car cards	636
Billboards	672
Special campaigns	900
Other	2,370
<b>Total</b>	<b>\$14,728</b>

The aggressive advertising policy

**BANKING**

has paid off for this bank. It has produced substantial increases in loan volume, and in time and demand deposits. "Of course I cannot say that advertising is entirely responsible . . . because internal operations and the efficiency thereof had something to do with it," Mr. Glenn states, "but if we did not have new business coming in as a result of advertising I am sure that these figures would not have been obtainable. In 1950 the average national banks of all sizes earned from operations 95 cents for each 100 dollars of deposits (latest reports available). In 1951 our bank earned \$1.51 for each \$100 of deposits."

THE WINONA NATIONAL AND SAVINGS BANK, Winona, Minnesota, whose deposits are \$8,877,000, will spend \$9,155 in 1952.

Here is how this bank divides its budget:

Newspaper	\$1,794
Radio	1,391
Billboard	2,539
Bus and car cards	545
Booklets	132
Home magazine	392
Directory advertising	201
Magazine advertising	540
Miscellaneous	1,621
<b>Total</b>	<b>\$9,155</b>

According to S. J. Kryzsko, president, "We have done a good job of keeping our name before the public. We feel that if we did not have the handicap of location, we would get much better results, and that we must be aggressive in our advertising to offset the location handicap. Of the three banks in town, our bank has the location farthest from the retail business center."

THE UNION SAVINGS BANK & TRUST COMPANY, Steubenville, Ohio, with deposits of \$9,537,000, will spend \$10,000 in 1952.

In describing the bank's approach to advertising, C. R. Smith, vice-president, stated that the budget was a realistic one in view of the bank's earning picture. In its advertising this bank stresses long service to the community, using the slogan "The Pioneer Bank Since 1854."

The money is apportioned as follows:

Newspaper advertising	\$ 2,800
Radio	4,000
Bus cards	1,800

Billboards	500
Novelties	300
Calendars	600
<b>Total</b>	<b>\$10,000</b>

Has it proved wise to spend this sum? Mr. Smith states: "We think it has been profitable. Our savings accounts have grown tremendously, we have the largest personal loan department in the city, and we receive an excellent demand for mortgage loans." These three services rate 1-2-3 in emphasis in the bank's advertising program.

WOODBURY COUNTY SAVINGS BANK, Sioux City, Iowa, whose deposits are \$9,025,000, will spend \$13,529.

According to A. R. Miller, cashier, the bank does not have a regular, fixed budget for advertising but has a general approval from the directors for the amount of money being spent.

The breakdown of this bank's 1952 total is:

Newspaper	\$ 5,022
Radio	3,903
Personal loan development	1,435
Calendars	1,613
Miscellaneous	1,556
<b>Total</b>	<b>\$13,529</b>

Subject matter is divided equally among loans, savings, checking, and consumer credit.

## TIFFANY STANDS EVERY TEST

That's why it's first choice  
for safety, strength—for efficiency, economy

If you're looking for a stand to safely hold and protect your costly office machines, buy Tiffany. You'll find Tiffany stands every test . . . it's the one stand that is precision-built to provide a safe foundation for practically every type and kind of portable office machine.

A Tiffany Stand, with its many safe, silent, strong features, lasts longer . . . actually costs less per year of service.



Model  
"S"



Model  
"S-Biller"

**TIFFANY**  
**STAND CO.**  
POPLAR BLUFF, MISSOURI

At Better Stores  
Write for Literature

# A Bank's Retail Charge Account Service

THE Franklin National Bank of Franklin Square, New York, has undertaken an unusual job. It's a retail charge account service, currently used by about 23,000 Long Island families, which also provides small merchants with a collection and credit department.

The bank views its plan as a broad attempt to support private enterprise at the small retailer's level, and to enable him to meet the com-

petition of big stores which have their own credit facilities. Some merchants have increased their dollar sales volume by about 30 percent through use of the service.

It works this way: The purchaser of merchandise presents to the store a credit card issued by the bank, and gets his goods without paying cash. At the end of the day the dealer sends his credit sales slips to the bank, which accepts them like

cash (without recourse) and immediately credits his account with the sales, deducting a 5 percent service charge. At the end of the month the customer gets a statement from the bank with his accumulated slips and pays his bill to the Franklin. Each participating dealer receives the credit vouchers representing his month's business.

Franklin National has set up a special department, operated by a separate staff, to handle the service.

The plan, said to be unique, was started as the result of a suggestion made by the merchants themselves. At a bank-sponsored conference called to consider ways in which local retailers could build their businesses, it was pointed out that perhaps their greatest need was more charge accounts. Maintenance of their own credit facilities represented, in many cases, an impossible burden. Could the bank help?

"We'll try," said Franklin National's president, Arthur T. Roth. The charge account arrangement was the result.

THE service is limited to dealers and individuals approved by the bank. There's a careful investigation in each case—of the merchant before he's eligible to participate and of the customer before he or she gets a credit card.

As each day's slips are received by the department, the tickets are inserted in the individuals' ledgers. They're posted monthly on a cyclical billing arrangement.

So far, the bank says, delinquencies are virtually the same as for instalment loans.

The 23,000 Nassau County card holders have purchased more than \$1,000,000 worth of goods and services on the charge account basis.



## chapter III

## the sad story of the CARELESS family



The next scene is sure to have plenty of firemen in it! Carelessness with matches and lighted cigarettes caused 91,000 fires in 1950 alone. Serve your assured and your community. Teach fire prevention constantly.



## THE London & Lancashire GROUP

THE LONDON & LANCASHIRE INSURANCE COMPANY, LTD. • ORIENT INSURANCE COMPANY • LAW UNION & ROCK INSURANCE COMPANY, LTD. • SAFEGUARD INSURANCE COMPANY OF NEW YORK • STANDARD MARINE INSURANCE COMPANY, LTD. (Fire Department) • LONDON & LANCASHIRE INDEMNITY COMPANY OF AMERICA

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*Investors* **STOCK FUND**

*Investors* **SELECTIVE FUND**

FACE-AMOUNT CERTIFICATE COMPANY

*Investors* **SYNDICATE OF AMERICA**

★

For prospectuses of any of these investment companies, check one of the boxes below:

*Investors* **DIVERSIFIED SERVICES, INC.**

Established 1894

238 ROANOKE BUILDING, MINNEAPOLIS 2, MINNESOTA

- ☐ INVESTORS MUTUAL  
☐ INVESTORS STOCK FUND

- ☐ INVESTORS SYNDICATE OF AMERICA  
☐ INVESTORS SELECTIVE FUND

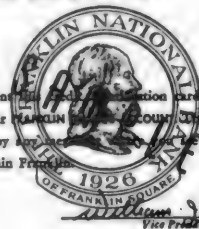
Please send the prospectuses about the investment company or companies checked above.

NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_ CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZONE \_\_\_\_\_

The Franklin National Bank  
OF FRANKLIN SQUARE, NEW YORK

ACCOUNT NO. \_\_\_\_\_

Present your Franklin National Bank credit card whenever you use your Franklin National Bank charge account. This card is recognized by participating merchants as the symbol of Benjamin Franklin.



*Arthur T. Roth*  
Vice President



**"At National  
Cash Register  
we believe ..."**



**STANLEY C. ALLYN**

President, National Cash Register Company

***"At National Cash Register we believe a thrifty employee is a better employee and a better citizen. By providing the Payroll Savings Plan for U. S. Defense Bonds we help our employees practice the thrift habit and build up a backlog of savings for their future security. By buying Bonds they become shareholders in their country."***

The employee who joins the Payroll Savings Plan becomes *a man with an objective*—a young fellow who realizes that the systematic purchase of Defense Bonds is a sure way to the down payment on a home . . . a father who wants to provide for Junior's college education . . . an older man, with an eye to retirement and personal security.

**The man with an objective is a better employee.** He knows that a day lost from work is just that much out of his take-home savings. He doesn't take chances—wants to stay off the accident list. He has a new realization that better work on his part will lead to advancement—and a larger monthly allotment for Defense Bonds.

**The man with an objective is a better citizen,** holds his head a little higher. He is buying a growing share in

America . . . helping to combat inflation . . . making a real contribution to the defense effort.

These employee and employer benefits of the Payroll Savings Plan are reflected in the records of thousands of companies. Figures show that as employee participation in a Payroll Savings Plan grows to 60%, 70% or higher, absenteeism decreases, the "Lost Time Accidents" curve goes down and production goes up.

If 60% or more of your employees are not Men With Objectives, do something about it. Phone, wire or write to Savings Bond Division, U. S. Treasury Department, Suite 700, Washington Building, Washington, D. C., and your State Director, Treasury Department, will show you how to install a Payroll Savings Plan, or how to build an existing Plan.

During 1951, over 1,500,000 employed men and women joined the Payroll Savings Plan.

*The U.S. Government does not pay for this advertising. The Treasury Department thanks, for their patriotic donation, the Advertising Council and*

**BANKING**

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION





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*British & Foreign Department, Sydney, Australia.*

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Surplus:	\$11,000,000. — Pesos Colombian.
Other reserves:	\$2,400,000. — Pesos Colombian.

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Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

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New York Representative—Henry Ludeke, 40 Exchange Place, New York 5, N. Y.

## Defense Area Certification

(CONTINUED FROM PAGE 41)

project would obtain an allocation in preference to a similar builder in a noncritical area, if there were not enough materials for both. And it also would follow that, if a general shortage of materials developed in a defense area, a greater effort would be made to satisfy the demand, so far as *programmed housing was concerned*, than might be made elsewhere.

In practice, however, such special efforts have seldom been required. Residential builders generally have been able to obtain the materials they have needed, either by self-authorization or direct allocation; and there is little evidence that builders of programmed housing have fared, or needed to fare, any better than other builders.

Moreover, the crisis in materials is approaching its end. Before long the amounts available under self-authorization are likely to be increased, and it is possible that by the year-end all controls on the use of materials in residential building will be lifted. Only a seriously adverse international development would change this prospect.

### Is Community Aid Easy to Get?

Not very much community aid can be obtained. The original authorization for loans and grants for community facilities was \$60,000,000, but, of this, only a little over \$15,000,000 was actually appropriated and only a small part of this latter amount has been dispersed to date. There is no indication that any of this fund will be available except where it can clearly be shown that the new burdens are beyond the capacity of the community to carry. This is, of course, as it should be; but it means that this kind of aid does not automatically follow the certification of an area as critical for housing purposes. It is reserved for only the most necessitous situations.

### Public Housing and Rent Control

There are two other features of the emergency legislation that are of even more questionable benefit than those already described. The first is that the Federal authorities, failing to induce the private produc-

tion of houses at the rents they consider appropriate, may build Government-owned housing to make up the deficiency. So far no such projects of a permanent nature have been authorized, but over 6,600 units composed of trailers and "portable" structures have been approved. If allowed to remain, this type of housing may prove in the long run to be a dubious asset to the community.

Finally there is the prospect of a much more inclusive kind of rent control than has been previously experienced. Under the Rent Act as amended last year, the Federal Government may, in any area certified by joint action of the Secretary of Defense and the Director of Defense Mobilization, put all residential property under rent control, irrespective of the date of its completion. In other words, newly built housing and housing that was exempt under the old law may now be subject to Federal determination of rents. Nothing escapes. Moreover the locality has no voice in the decision.

Of the 165 areas already certified as critical defense housing areas, 98 have already also been certified for rent control; and the Office of Rent Stabilization is constantly pressing to expand its jurisdiction. So the chance of having an all-inclusive rent control along with the rest of the package is a good one. And rent controls, like temporary houses, have a way of staying on long after the end of the emergency that brought them into being.

### What Does It All Add Up To?

In a community that has been created as a result of, or has been overwhelmed by, a defense activity, there may be benefit to be gained from certification. In a small, remote locality where a new air base has been established or a new atomic energy installation is to be built, the ordinary market forces cannot be expected to be asserted quickly enough to meet the estimated needs. Resources for community facilities may be insufficient. Local financing institutions may not be adequate to the new load. The existing housing supply may be woefully short of the sudden demand.

Beyond such situations, any benefits are questionable. Where the community is well established and has good future prospects, the certification may bring more trouble

than help. The credit relaxation is of a limited character and likely before long to offer little not otherwise available. The materials problem from here on promises to be one of no especial concern. The aid for community facilities will in any case probably not be obtainable.

On the other hand, the blighting effects of possible Government housing are to be conjured with, while the prospect of a rigid system of rent control in the hands of an overzealous administrator is more than a mere possibility. Of all types of emergency regulation, rent control

has proved the most resistant to elimination.

Summing up, the benefits of certification, except in very special instances, are at best questionable, while the dangers are real. In most cases, community leaders will be well advised to avoid rather than to seek certification. Efforts to stimulate local action—to put financial resources to work, to encourage modernization, repair, and conversion of existing structures, etc.—are in the end likely to solve the problem as thoroughly as seeking the aid and intrusion of the Government.

## THE FORT WORTH NATIONAL BANK

### FORT WORTH, TEXAS

★  
STATEMENT OF CONDITION AT CLOSE OF BUSINESS  
MARCH 31, 1952

#### ★ RESOURCES

CASH AND DUE FROM BANKS.....	\$75,378,500.61
UNITED STATES GOVERNMENT SECURITIES.....	38,659,024.87
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS.....	5,204,738.54
OTHER BONDS, NOTES AND DEBENTURES.....	1,210,540.70
STOCK FEDERAL RESERVE BANK.....	360,000.00
LOANS AND DISCOUNTS.....	90,045,772.03
INCOME EARNED—UNCOLLECTED.....	277,973.24
FUTURE BANKING SITE AND GARAGE PROPERTY.....	4,118,037.40
FURNITURE AND FIXTURES.....	22,901.43
OTHER REAL ESTATE.....	1.00
CUSTOMERS' LIABILITY—LETTERS OF CREDIT.....	216,695.20
OTHER RESOURCES.....	90,186.10
TOTAL.....	\$215,604,371.12

#### ★ LIABILITIES

COMMON STOCK.....	\$ 4,000,000.00
SURPLUS.....	6,000,000.00
UNDIVIDED PROFITS.....	751,782.46
RESERVE FOR CONTINGENCIES.....	1,938,479.82
RESERVE—AMORTIZATION OF BOND PREMIUMS.....	1,063,383.55
RESERVE—TAXES, INTEREST, EXPENSE, ETC.....	1,341,606.78
LETTERS OF CREDIT ISSUED.....	216,695.20
INCOME COLLECTED—UNEARNED.....	664,857.93
DEPOSITS:	
INDIVIDUAL.....	\$140,272,356.81
BANK.....	38,316,530.54
U. S. GOVERNMENT.....	9,518,986.61
OTHER PUBLIC FUNDS.....	9,519,691.22
TOTAL.....	\$215,604,371.12

U. S. Government and other securities carried at \$27,751,490.50 in the above statement are deposited to secure public funds and for other purposes required or permitted by law.

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# New Books

**CHARACTER AND EXTENT OF OVER-THE-COUNTER MARKETS.** By *G. Wright Hoffman*. University of Pennsylvania Press, Philadelphia. 92 pp. \$1. This publication considers the scope and general character of these markets, their structure and operation, and some current problems. It is one in a series of three studies of the subject sponsored by the Wharton School.

**U. S. GOVERNMENT BOND MARKET ANALYSIS.** By *Leroy M. Piser*. New York Institute of Finance, New York. 61 pp. \$3. Transcripts of lectures given at the Institute last winter. Subjects include structure of the Government debt, Treasury operations, bank and nonbank investors, Federal Reserve policy, organization of the market, yield curves and spreads, flow of funds.

**HOW TO MAKE A PROCEDURE MANUAL.** By *H. John Ross*. Office Research Institute, Miami, Florida. 123 pp. \$4.50. Mr. Ross, with a background of 15 years' experience, in procedures work, prepared this book as an aid to breaking down employee resistance to reading and trying to understand written instructions. He offers practical suggestions governing design of a standard practice form, writing style, the "housing" of the instructions, duplicating methods, classification and numbering, manual content, control. Several companies cooperated by permitting use of their forms.

**CONTROLLERSHIP: THE WORK OF THE ACCOUNTING EXECUTIVE.** By *J. Brooks Heckert* and *James D. Willson*. Ronald Press, New York. 631 pp. \$7.50. The basis for a course in the controller's work, designed for advanced university students of accounting and management. Includes question and problem material.

**SUCCESSFUL EMPLOYEE BENEFIT PLANS.** Prentice-Hall, New York. 528 pp. \$8.85. Written by the publisher's editorial staff, this volume explains plans in three general categories: (1) Benefits offering security, including all types of group insurance; (2) benefits that increase

employee income (profit-sharing, employee stock plans, suggestion systems, etc.); (3) other benefits including educational and self-improvement opportunities, employee food services, industrial recreation, etc. Each plan is described in some detail.

**AMERICAN CAPITALISM.** By *John Kenneth Galbraith*. Houghton Mifflin, Boston. 208 pp. \$3. A professor of economics at Harvard offers "a bold new concept of the balances of power in the last refuge of avowed capitalism."

**FINANCIAL HISTORY OF THE UNITED STATES.** By *Paul Studenski* and *Herman E. Kroos*. McGraw-Hill, New York. 509 pp. \$6.50. A new textbook covering developments from the colonial period to 1950.

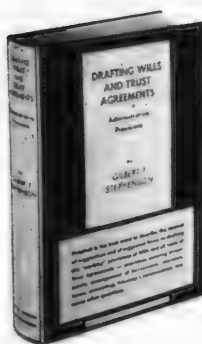
**AN INTRODUCTION TO THE ANTI-TRUST LAWS.** By *Arthur T. Dietz*. Bookman Associates, New York. 79 pp. \$2. A monograph for particular use as supplementary material in elementary economics courses.

**INCREASING PERSONAL EFFICIENCY.** By *Donald A. Laird*, Harper, New York. 291 pp. \$3.50. Fourth edition of a popularly written book first published in 1925. Dr. Laird has contributed to **BANKING** in recent years.

**ESSAYS ON BUSINESS FINANCE.** By *Merwin H. Waterman* and *Wilford J. Eiteman*. Masterco Press, Ann Arbor, Michigan. 108 pp. \$3 cloth, \$2 paper. The authors, who cover promotion, working capital management and resources, profits and funds administration, and the valuation of business enterprises, are professors of finance at the University of Michigan School of Business Administration.

**MOTOR COURTS AND DRIVE-INS.** Ahrens Publishing Co., New York. 112 pp. \$2.50. A revised edition of a book on the construction and operation of stopping places for motorists. In this case, "drive-ins" means restaurants.





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# Business Aids

Home Planners' Libraries • New Products • Operations • Industrial

**E**ACH month this column will list recent acquisitions including manufacturers' literature and other special announcements of interest to our readers—though no statement made should be regarded as a product endorsement.



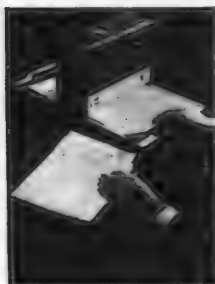
**RECORD KEEPING FOR THE SMALL HOME BUILDER.** Outlining a simple but complete system of record keeping, this comprehensive 85-page manual is designed especially for the builder whose bookkeeping facilities are limited to his own part-time work or to reliance on a member of his family. The booklet reviews, and includes examples of, records covering

estimating, job progress, materials, payroll, etc., that can effect economies in the small home builder's operations. Obtainable from the *Superintendent of Documents, Government Printing Office, Washington 25, D. C.*, at a cost of \$1.25.



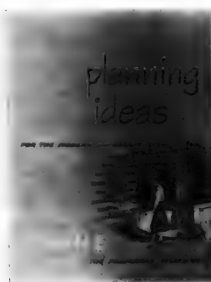
**A KEY TO THE INDUSTRIAL POTENTIAL OF OKLAHOMA.** A comprehensive 51-page booklet filled with facts about business opportunities in Oklahoma. Gives data on the population, transportation,

industry, and natural resources, education and recreation facilities, and includes a series of maps showing the highways, railroads, and other vital industrial information. An excellent handbook for bankers whose customers may be interested in plant or business location in this area. Write to *Oklahoma Gas and Electric Company, Oklahoma City, Oklahoma.*



**A NEW LOW-PRICED PORTABLE MICROFILMING CAMERA** and companion reader has been announced by *Diebold Incorporated, Flofilm Division, Norwalk, Connecticut.* Designed to bring the advantages of microfilming into the buying range of both small and large banks and businesses, the new Flofilm camera eliminates all loading and film handling and

can be used by completely inexperienced personnel. Centrally located processing service centers will develop exposed film for all of the user's needs.



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rooms. Gives ideas on selecting proper fixtures and color schemes, and provides a chart for bathroom planners to list their own preferences. Write to *Crane Company, 836 South Michigan Avenue, Chicago 5, Illinois.*



**REHEARSAL FOR DISASTER.** This well illustrated 34-page booklet emphasizes the part which the trucking industry played in evacuation and relief work during the Midwest floods of 1951.

A close comparison is drawn between trucking activities in this national disaster and the part the industry might play in the event of full-scale warfare, where similar wholesale destruction of property and disruption of the peaceful lives of millions of Americans would occur. Write to *American Trucking Associations, Inc., 1424 16th Street, N. W., Washington 6, D. C.*

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**THE A B C OF FIRE PROTECTION.** This 33-page booklet contains factual information on the economics of sprinkler system fire protection. Lists typical installation costs versus annual fire insurance savings to illustrate graphically the rapid self-amortization of such a system. Reviews reasons why adequate fire protection is es-

sential to business security and discusses various types of automatic sprinkler devices and systems together with their application to different business properties. Available from the *Automatic Sprinkler Corporation of America, Youngstown 1, Ohio.*

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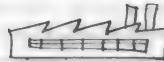


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1949: US. \$ 175,875,095

1950: US. \$ 228,181,724

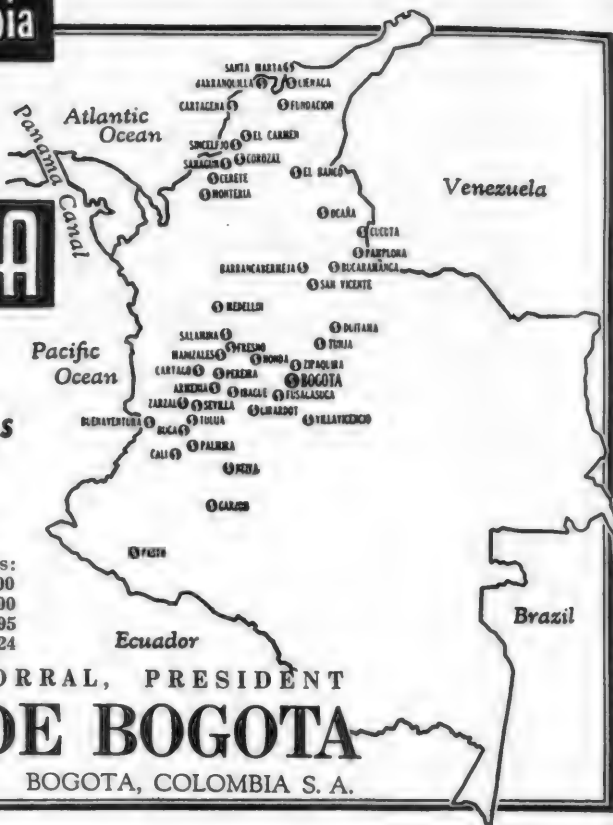


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# The OUTLOOK and Condition of Business

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into the future, so that the line is more level and longer.

Anybody who has been thinking about the program, who has felt the danger of immediate war with Russia reduced, and knows that the military program is stretched out, that the capital investment program will be curtailed, that housing may decline, that all those things might happen together, knows that we can have again in this country an old-fashioned recession.

This relief of tension, this belief in a great change in the business situation, and in interest rates, may be as much overdone at the moment as the belief in everlasting inflation was overdone in the nine months following Korea. That is an important fact about the business outlook today.

**CONSIDERING THE MATHEMATICS OF IT**, and the politics of it, we are hardly justified in believing that we have gone over the top of this hill. Mr. Stalin is still there, and it is a fair guarantee that some time within the next six months he will do something unpleasant, and will again arouse our fears and our problems about our military defense.

We are not relieved from the necessity of building our strength to a point where no aggressor will dare undertake to overcome us and the western allies. We must continue to do that job, do it vigorously, and do it well.

If we add up the pluses and the minuses in the business situation, we find clear evidence of a continued volume of business at a high level, and a continued demand for money, at a level at least as high as at present, and probably higher.

The military program has not yet reached its peak. We are spending now at the rate of about \$3½-billion a month for the military, and we surely will reach a peak of \$4½-billion, probably by the end of this calendar year. That is a billion dollars more a month of military spending. That means inventories. That means the Government has to raise the money to do it. That means pressure on the economy; more, probably, than will be offset by any lessening in the commercial sector.

The country is still in full employment, and probably a little too full for our own good. There is no visible evidence that the demands for further wage increases have been settled. In the money situation there will correspondingly be a very substantial demand. So, in the matter of mathematics, in the pluses and minuses, the situation is not yet changed to one where we can say inflation is a thing of the past and that we are dealing now with a deflationary situation.

**THE TWO BASIC FACTORS** in our unsound money situation of today are the Federal budget and monetary policy. The President's budget in January was one of the most disturbing public documents ever published in the United States. In a time of great prosperity, of full employment, the President of the United States

budgeted for a substantial deficit, a deficit running to \$14-billion in the fiscal year 1952-1953. That is a shocking state of affairs, an immoral state of affairs, for everyone knows what that kind of financing does to the people of a country, in the long run. The damage done may not show on the surface but down deep the poison works.

This was done at a time when taxes were at new high levels. The President indeed recommended more taxes of a sort that would be destructive of enterprise and initiative in the country. The present level of taxation cannot be kept up indefinitely and preserve the country as we have known it in the past.

What can we do about it? In the first place, the military stretchout has helped the situation somewhat. It has reduced the prospective spending by four or five billion dollars below the budget estimate for the current fiscal year, and perhaps the same for next year.

In the second place, Congress is showing encouraging evidence of trying to deal with this budget in a more vigorous way, and is trying to work out some new devices to deal with it.

One of those new devices is embodied in the McClellan bill introduced by Senator McClellan of Arkansas. His proposal is that the Congress must have a more efficient organization to deal with budget problems.

The budget is a document as thick as the New York City telephone book. When it is handed to the Congress, they are almost helpless to decide what appropriations should be made, what should be cut, what should be abolished. They have had almost no technical staff to help them. You will find only four or five clerks in the appropriations room trying to analyze those budgets.

The individual Congressmen, with their secretaries, try to figure them out. They try to pull in some people who might know something about it. They bring the representatives of the departments before them.

**EACH DEPARTMENT** in Washington has a corps of highly skilled salesmen. They are book salesmen. They come and try to sell that great big thick budget, and they are very effective. They have all the figures, and if you try to criticize them, they say "That goes with this, and this goes with that." And the minute you touch any expenditure, they send the word back to the grass roots, and then our businessmen friends and even some of our bankers begin sending in the telegrams:—"You musn't touch that." "That would deprive Jim Jones, my good neighbor, of a job." And, "We must have that post office." And, of course, there has to be a new road there, and a dam has to be built, and so on. The poor Congressman who tries to reduce expenditures is in a very difficult position.

The McClellan bill proposes that there should be a joint committee on appropriations of the House and Senate, and that there should be a staff of competent

people. That is all to the good, and the bill ought to be passed. So far it has not been, and the situation has not been bettered in that particular.

There is another mechanism that has been much maligned in the press, and that is embodied in a bill sponsored by Congressman Coudert of New York City. This bill is a very ingenious device designed to return the power of the purse to Congress. It accepts the fact that Congress has a very difficult time in going through and picking out this or that item in the budget for elimination.

The first bill Mr. Coudert introduced worked like this: "You have submitted an \$85-billion budget, Mr. President. Take it back and bring back to us a budget for \$71-billion, which is the total amount of our estimated receipts." In other words, it was a pay-as-you-go bill. It says we should not spend more than we take in.

That did not work. The Republican Policy Committee of the House approved it and it was supported by many Democrats, but it did not go through.

Then Mr. Coudert, with Congressman Smith of Virginia, tried it again, and in that effort was better supported, and it passed the House. He applied it to the military bill. The military came in, asking for around \$50-billion more of appropriations on top of the \$70-billion or so that they had left over, unspent, from previous years, which gave them \$120-billion in appropriations, of which they planned to spend \$50-billion in the fiscal year, 1952-1953. The Coudert bill did not interfere directly with the appropriations, although the committee had gone to work on those the best it could. The bill said this: "Money appropriated in Titles II, III, IV and V of this bill shall be available for expenditure in the fiscal year ending June 30, 1953, only to the extent that expenditures thereof shall not result in total aggregate net expenditures of all agencies provided for herein beyond the total of \$46-billion."

That was not a cut across the board. That was sending the budget back to the Defense Department to decide, itself, where it could cut some waste and where it could eliminate items, and where they could push items over into next year and stretch the program still further.

That is a new approach to the problem. It sends back to the Department a choice of trying to effect some economy. Is that a totally unreasonable matter? The fact that the President has come out in a blast against it, along with editorials in some of our leading newspapers, leads me to believe that it is a very sound measure.

The Committee on Economic Development believes that about \$4-billion can be cut from combined military and foreign aid in the fiscal year 1952-1953 without impairing the military program. That is the judgment of a group of very careful men, many of whom had very close contact with the Government and with the defense program.

The House Committee on Appropriations had before it substantial evidence of enough waste, enough overlapping, duplication, and unnecessary activities in the Defense Department to justify a substantial cut in the budget.

Whether \$46- or \$47- or \$48-billion is the right figure or not is very hard to know, but let's not permit the propaganda out of Washington to blur the fact that it

is disgraceful for this country not to balance its budget under present conditions. It can be done. The waste is there. There is enough sentiment in the country and in the Congress so that we have a better chance of doing it than we have had for a long time.

**DEFICIT FINANCING** by the Treasury ought to be done outside the banks. Recent changes in the savings bond package are a step in the right direction.

There should also be a cash offering of bonds in the long-term market that will be attractive to long-term investors. As of today there ought to be a long-term 3 percent bond.

**THE OTHER PRONG** to the problem of sound money, and safeguarding the birthright of the people who deposit money in our banks, is monetary policy. There is a gleam of hope. We have an excellent Federal Reserve Board. In my judgment it is the best we have ever had in the history of the system.

We made a great forward stride in the accord between the Board and the Treasury last year. This was carried through faithfully and has provided a powerful impetus to curb credit inflation.

The job is not done. We are still facing some critical questions in the relationship between the Treasury and the Federal Reserve. There will be a clash between those who want to ride through the election on cheap money, on the chariots of spending, and those who want to do the sound thing.

Another real achievement has been the Voluntary Credit Restraint plan. That is one of the finest instances of teamwork between the Reserve System and the bankers and other agencies that we have ever had.

The Patman inquiry turned out to be a solid endorsement of sound money. It started with an effort to undermine the Reserve System. It finished by endorsing the independence of the Federal Reserve System. That was a great triumph.

**ALL OVER THE WORLD** we have had a trend back to sounder thinking on money. Money rates are higher all over the world. England has just done a great turn-around. She put her discount rate up to 4 percent and let her bonds fall down into the 70s in an effort to recover her position.

The point is that there is a recognition by governments and among the people who deal with them that there must be sound money as a basis for a sound economy and for human well-being. The wave is turning at last a little in favor of the kind of things that we believe will provide sound money.

There is a story that in the middle of the darkest days of World War II, in Paris, when they were under the heel of the conqueror, somebody looked into the sky and saw a little smoke. He watched, and saw a plane writing up there, miles and miles in the sky. The word "C-o-u-r-a-g-e" was spelled out by a British airplane; it is the same word both in French and in English.

If there ever was a time when that was the word for bankers, it is today. This is the time for faith and hope and courage, for bankers and for other people who work in the direction we do, for sound money. We must keep at our work with redoubled vigor, in the hope at last that we can make progress.

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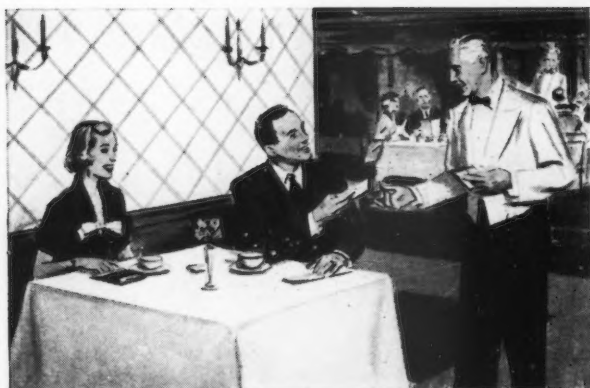
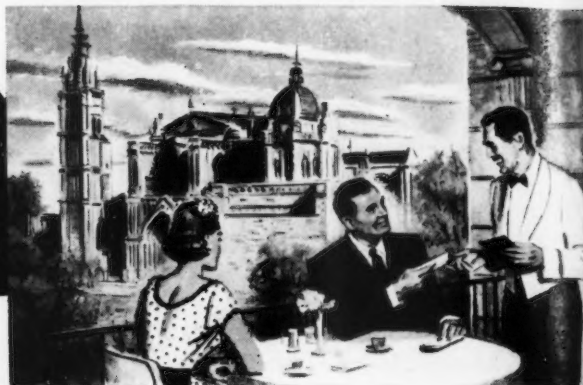
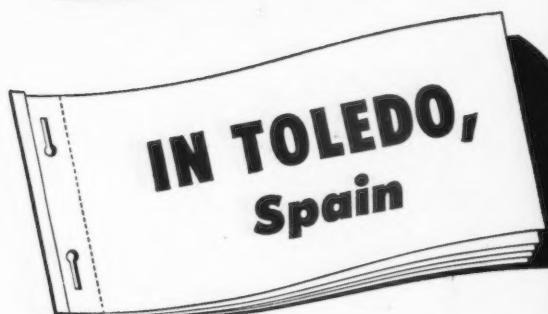
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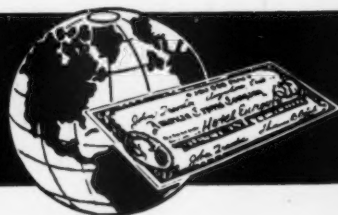
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